

CLACKMANNANSHIRE COUNCIL

Report to Audit Committee

Date of Meeting: 6th December 2018

Subject: Corporate Risk and External Audit Actions

Report by: Strategic Director – Partnership & Performance

1.0 Purpose

1.1. This report provides the 2018/19 half year update on Clackmannanshire Council's Corporate Risk Log (Appendix A). Progress updates are then provided on Audit Scotland's recommendations following their audit of 2017/18 accounts (Appendix B).

2.0 Recommendations

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

3.0 Considerations

3.1. Purpose of Risk Management

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 internal and external challenges 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. 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.

3.1.2. Council officers and services deal with a wide variety of operational risks to individuals, communities and internal management processes on a daily basis. A corporate risk management approach, however, must take a wider, more strategic view and consider the implications of short-, medium- and long-term concerns, as well as the (often complex) inter-dependencies between risks. 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. Various steps are taken to integrate the corporate risk assessment process with key functions, such as Internal Audit, Legal & Democracy, Human Resources (including Organisational Development and Health & Safety), Equalities, Communications, Emergency Planning, Asset Management, Sustainability, etc. Though External Audit's main focus is financial management, Audit Scotland's revised Best Value Assurance 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 and factors are summarised and considered together.

3.2. Corporate Risk Management Process

3.2.1. The corporate risk log is owned by the Strategic Leadership Group, and the Strategic Director – Partnership & Performance is responsible for the corporate risk management approach. The Council follows a systematic risk process, reporting corporate and service risks to Committee on a regular basis. The process is 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 a range of different individuals and groups. 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 through Internal Audits, and during the Annual Governance Statement process.

3.2.2. Risks with implications across multiple service areas, or assessed as significant for any specific area, 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 linked to outcomes, actions (or plans/strategies), and existing controls (policies, procedures, working groups, 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 failing to meet statutory duties or missing improvement opportunities. The aim, therefore, is not to be 'risk averse', but '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. The new senior management appointments have provided a timely opportunity to evaluate risk review mechanisms. The Corporate Risk & Integrity Forum previously consisted of 2 Heads of Service and officers/managers representing the remaining services, and the key functions listed in 3.1.3. The forum met quarterly, reviewing the corporate log twice a year, with other meetings focussing on issues such as health & safety, building security, serious organised crime, etc. From Dec-2018, the forum will consist of the Extended Strategic Leadership Group, with additional ad hoc attendees, depending on the current risk profile, and will review the corporate log quarterly. This will improve visibility, ownership and input at the most senior level, and improve efficiency and flexibility to address the most significant risks at any given time. The increased review frequency will also strengthen corporate focus on risk, improve responsiveness, and ensure preventative steps are taken in a timely manner to minimise risk impact on the achievement of outcomes.

3.2.4. The Corporate Risk Management Policy & Strategy (including associated guidance) is currently under review and will be presented to committee once approved (guidance always included in year end corporate risk reports, along with Appendices A & B, and the Annual Statement of Preparedness). Once all senior management and statutory posts are filled, the new organisational structure defined, and the new Corporate Plan approved, a full strategic corporate risk assessment will be conducted. This will ensure that the corporate risk log is a fully refreshed reflection of the implications around the outward-looking LOIP,

additional Corporate Plan priorities regarding internal Council management, and service and senior management responsibilities and duties.

3.3. Corporate Risk Log – Appendix A

3.3.1. In periods of transition, it is common for risks in a number of areas to increase, as seen in the current risk profile, while changes in leadership and reporting structures are embedded, and other processes and arrangements reviewed. As well as internal issues, wider current political, human and economic factors present uncertainties across a wide range of Council functions and operations. This is reflected in the increased scores and new risks shown in Appendix A which, in turn, increases the number of red and amber risks on the corporate log, and the number of risks which must be both Treated and Tolerated.

Approach: Treat

3.3.2. As highlighted by Audit Scotland, Financial Resilience and Organisational Change remain key concerns, with the latter's score increasing, though work underway in both areas will reduce risks. Training and support continues to focus on improving Health & Safety compliance. The Welfare Reform score has also increased, due to external factors and further analysis, with local and national mitigations being investigated. New committee structures, and the revision of responsibilities and duties will further strengthen Governance arrangements, with this area clearly linked to many other risks.

3.3.3. While the LOIP is designed to address Changing Demographics, overspend suggests that demand and inequalities are still not fully addressed by planning and resource allocation. Work continues around Extremism, with developments in security protocols, plans, training and information. Information Management is also key during transition and workforce contraction, with new implications around GDPR and digital transformation. Improved awareness around Serious Organised Crime has increased the score and work continues on mitigations. Child Protection is always a key priority, as reflected in the LOIP, with Children's Services Plan progress monitored by the Child Protection Committee.

3.3.4. Risks relating to IT Systems and Workforce Planning have always been implicitly linked to a number of other corporate risks, however, it is now felt that these must be explicitly stated on the corporate risk log to ensure that they are monitored and managed appropriately.

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. Though local and partnership work continues to strengthen resilience in relation to Public Utilities, there is no substantial change to this risk. A new risk has been added regarding EU Withdrawal (Brexit), and regular updates are being provided to Council. Seasonal issues regarding pay negotiations and the onset of winter marginally increases risks regarding Industrial Unrest, Severe Weather and Health Emergencies, but mitigating actions and existing plans means seasonality is not substantial enough to increase scores for these 3 risks.

3.4. External Audit Actions – Appendix B

3.4.1. The issues raised by external audit are closely linked to corporate risks already discussed, and will be similarly addressed through the new Corporate Plan and other actions already underway regarding senior management, statutory and change management appointments, organisational redesign and the budget-setting process. Progress is also shown in relation to specific actions regarding the audit process, classification of assets and capital spend.

Abbreviations:

Comms	Communications	EU	European Union
GDPR	General Data Protection Regulations	H&S	Health & Safety

Inc	Including	IT	Information Technology
LOIP	Local Outcome Improvement Plan	S95	Section 95 (Chief Financial Officer)
TVR	Targeted Voluntary Redundancy	UK	United Kingdom
VS	Voluntary Severance	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 – External Audit Actions

11.0 Background Papers


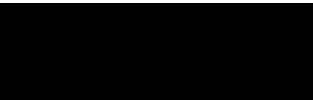
11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes (please list the documents below) No ✓








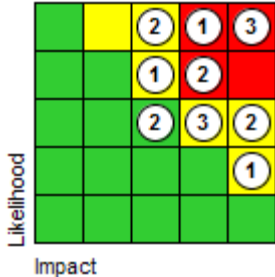
Author(s)



































NAME	DESIGNATION	TEL NO / EXTENSION
Judi Richardson	Performance & Information Adviser	2105

Approved by



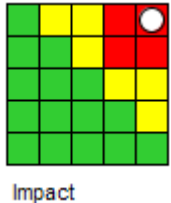
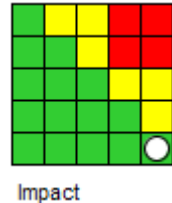
NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director – Partnerships & Performance	
Nikki Bridle	Chief Executive	



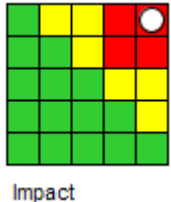
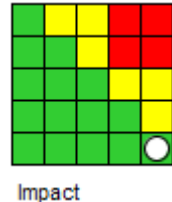
Appendix A - Corporate Risk Log



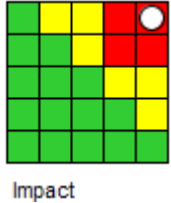
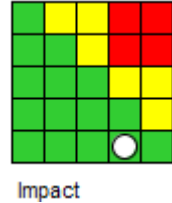
Summary of Changes	Distribution of Scores
<p>At the 2018/19 half year stage (out of a total of 17 risks):</p> <p><u>Status</u></p> <ul style="list-style-type: none">  6 risks are red (increase from 5 in the previous report – 2017/18 year end)  9 risks are amber (increase from 7)  2 risks are green (same as in previous report) <p><u>Approach</u></p> <p>12 risks are being Treated (increase from 10)</p> <p>5 risks must be Tolerated (increase from 4)</p> <p><u>Change in Scores Since Last Review</u></p> <ul style="list-style-type: none">  3 risks have increased  11 risks remain the same  no risks have reduced  3 risks have been newly added to the log 	



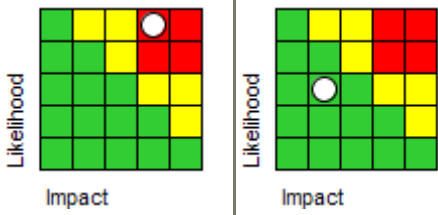
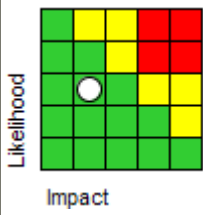
Code	Title	Score	Status	Approach	Change
COU CRR 008	Insufficient Financial Resilience	25		Treat	
COU CRR 034	Insufficient Pace and Scale of Organisational Change	25		Treat	
COU CRR 012	Health & Safety Non-compliance	25		Treat	
COU CRR 032	Council & Community Impact of Welfare Reform	20		Treat	
COU CRR 033	Major Governance Failure	16		Treat	
COU CRR 040	Failure of Public Utility Supply	16		Tolerate	
COU CRR 045	Unknown Terms of EU Withdrawal	15		Tolerate	
COU CRR 005	Inability to Respond to Changing Demographics	15		Treat	
COU CRR 038	Failure to Prevent Extremism and/or Radicalisation	15		Treat	
COU CRR 046	IT System Failure	15		Treat	
COU CRR 009	Information Not Managed Effectively	12		Treat	
COU CRR 037	Failure to Address Serious Organised Crime	12		Treat	
COU CRR 023	Industrial Unrest	12		Tolerate	
COU CRR 031	Failure to Prepare for Severe Weather Events	12		Tolerate	
COU CRR 011	Harm to Child(ren)	10		Treat	
COU CRR 047	Inadequate Workforce Planning	9		Treat	
COU CRR 022	Public Health Emergency	9		Tolerate	



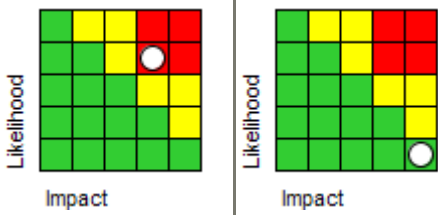
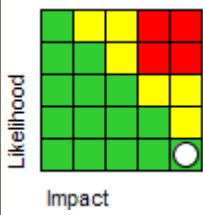
Approach Treat



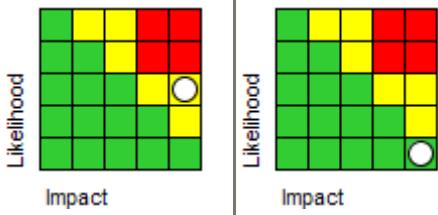
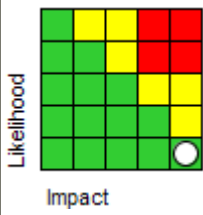
 	Insufficient Financial Resilience	COU CRR 008	Interim Chief Accountant	Current Score	25	Target Score	5
Risk	The Council does not have a balanced budget to meet essential service demands, customer needs, or external agendas.						
Potential Impact	Reputational damage, legal implications and severe and extended loss of service provision. Possibility of Alliance and other partners also experiencing their own budget pressures contributes to potential impact, given the interdependencies.						
Note	The cumulative funding gap to 2022 is £31.9m, with continuing need for significant budget reductions. Given the significant savings already achieved, it is extremely challenging to identify new proposals, and significant priority is being given to progressing the Council's organisational redesign. Only essential spend is being permitted at this time.						
Related Actions	Audit of 2017/18 Accounts by Audit Scotland		COU EXA 178	Existing Controls	Financial Management Strategy		
	Review of Income & Charging (individual items & overall policy)		CRR P&P AC1		Budget Challenge & Monitoring		
	Review of Procurement Strategy		CRR P&P AC2		Interim Procurement Strategy		



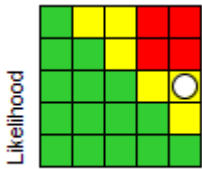
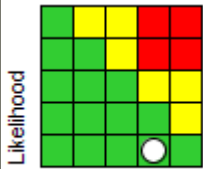


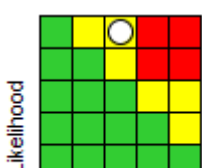
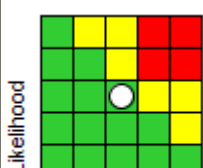


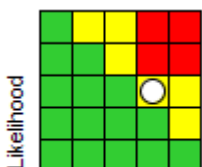
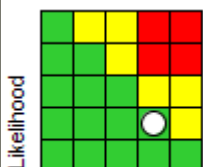
 	Insufficient Pace and Scale of Organisational Change	COU CRR 034	Chief Executive	Current Score	25	Target Score	5
Risk	The Council fails to proactively drive the fundamental redesign of services and organisational planning/development with the speed required to address the funding gap due to ineffective change management.						
Potential Impact	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.						
Note	Change programme governance proposals, including creation of Programme Manager post, were approved by Council on 23-Aug-18. All services continue to identify changes/projects to achieve savings and deliver on LOIP commitments. The staff redesign is currently behind programme and the expected 2018/19 savings will not be achieved in full.						
Related Actions	Establish a Programme Management Office to support organisational redesign		EXA BVA 1B0	Existing Controls	Communications Strategy		
	Establish governance process & structure to drive, oversee & monitor redesign and change		EXA BVA 1C0		Business Planning Process		
	Carry out a programme of training in leading and managing transformational change		EXA BVA 4F1		Union & Member Comms Forums		



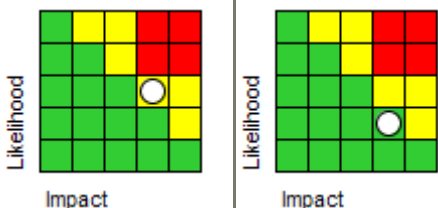
 	Health & Safety Non-compliance	COU CRR 012	Chief Executive	Current Score	25	Target Score	4
Risk	Incident or statutory breach results in injury or death of staff member or customer due to lack of awareness or non-compliance with policies and procedures. Incidents may also arise from third parties actions, outwith Council control.						
Potential Impact	The effects on individuals and their families, financial penalties (including Health & Safety Executive intervention fees), criminal proceedings, adverse publicity, increased insurance or damage to Council assets.						
Note	While work is progressing, there are still significant gaps between what our policies and procedures say and the accepted practice in some areas of the Council.						
Related Actions	Governance improvement actions across all services		CRR P&P LD1	Existing Controls	Health & Safety Management System		
	Health & Safety action plan, based on recommendations from Gallagher Bassett		CRR P&P HS1		Health & Safety Managers' Handbook		



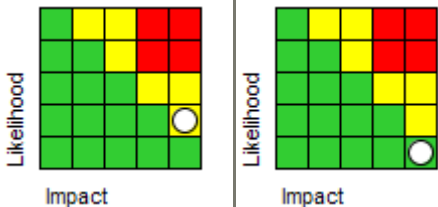
 	Council & Community Impact of Welfare Reform	COU CRR 032	Strategic Director - Place	Current Score	20	Target Score	6
Risk	The welfare reform agenda increases deprivation in the area, removes £8 to £10 million from the local economy and requires the Council to provide additional services and support due to a national priority of reducing welfare expenditure.						
Potential Impact	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).						
Note	Scottish Government currently re-examining temporary accommodation rent. The UK Government remains committed to Housing Benefit covering costs but discussions with other Chief Housing Officers suggest proposal unlikely to be maintained. Whilst we will make the case for our current set up, there will be significant pressure on Council income.						
Related Actions	Put in place targeted and intensive early intervention support programmes which address the impact of poverty and invests in the long term outcomes for children and young people		LOI LP1 108	Existing Controls	Scottish Welfare Fund (Crisis & Community Grants) Local Housing Strategy		
	Develop an Inclusive Economic Growth Strategy with focus on developing a skilled workforce		LOI LP1 203				



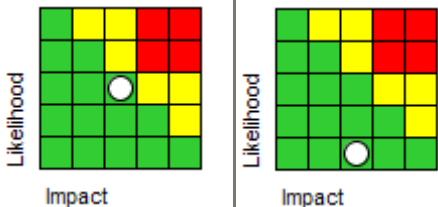
 	Major Governance Failure	COU CRR 033	Service Manager Legal & Democracy	Current Score	16	Target Score	5
Risk	A significant failure of compliance with statutory duties due to a lack of awareness or understanding of corporate policies or codes of conduct, or through non-adherence, including through management or elected member override of controls.						
Potential Impact	Significant reputational damage, injury or loss of life, legal action, financial loss or disruption to service delivery. Staffing changes and re-design reaffirm need to closely monitor & manage compliance with statutory requirements & good practice.						
Note	This risk remains high due to changes in management. New committee structures have been in place since August. Standing Orders & Scheme of Delegation will be revised by the end of the financial year to reflect new appointments & responsibilities.						
Related Actions	Audit of 2017/18 Accounts by Audit Scotland		COU EXA 178	Existing Controls	Scheme of Delegation		
	Annual Internal Audit & Fraud Programme		COU IAF		Committee Structures & Remits		
	Governance improvement actions across all services		CRR P&P LD1		Governance & Audit Processes		

 	Inability to Respond to Changing Demographics	COU CRR 005	Chief Executive	Current Score	15	Target Score	5
Risk	Services are not appropriately redesigned based on demand analysis in relation to the 'ageing population', increasing single-person households, school rolls or changing needs regarding health, complexity of care or socio-economic factors.						
Potential Impact	Inappropriate allocation of resources & assets, misalignment of corporate objectives to need, inability to demonstrate Best Value, and possible financial and reputational consequences of responding to unplanned situations.						
Note	LOIP sets out new partnership outcomes, based on demographic & demand analysis. 8 local priorities in the Health & Care Strategic Plan will strengthen community & place-based services. Data & Research routinely informs decision-making.						
Related Actions	Clackmannanshire Alliance Local Outcome Improvement Plan 2017-27		CPP LOI	Existing Controls	Customer Consultation & Engagement Budget Challenge & Monitoring		
	Implement Health & Care Partnership Strategic Delivery Plan		CRR HSC SDP				



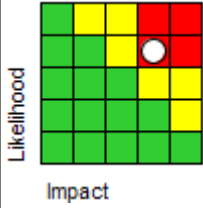


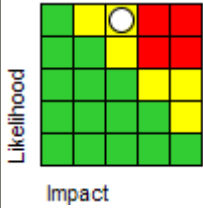


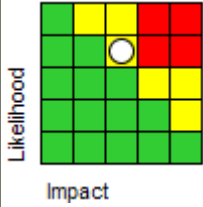
		Failure to Prevent Extremism and/or Radicalisation	COU CRR 038	Strategic Director - Partnership & Performance	Current Score	15	Target Score	4
Risk	Radicalisation of someone from the area results in terrorist incident (or other malicious attack), causing physical or financial harm to individuals or groups (here or elsewhere), or fear of such an incident affects quality of life.							
Potential Impact	Casualties/fatalities, property/infrastructure damage, need for evacuation/temporary housing or wider economic damage. Financial harm to individuals, businesses or the Council. Disruption to services or reputational/legal implications.				Likelihood		Likelihood	
Note	Continue to implement CONTEST plan, WRAP & Prevent information consolidated on CONNECT and building security protocols revised. Graduated Security Risk Profile in place with 'move to critical' actions. Internal Audit actions in progress.				Impact		Impact	
Related Actions	Ensure deployment of the corporate CONTEST delivery plan			SCS 17 15-07	Existing Controls	Resilience/CONTEST Partnerships		
	Actions from Internal Audit of CONTEST, Prevent & Serious Organised Crime Readiness			CRR P&P SP2		WRAP Training (High Priority Staff)		
		IT System Failure	COU CRR 046	Strategic Director - Partnership & Performance	Current Score	15	Target Score	9
Risk	Full or partial loss of network/hardware/software/telecoms technologies (temporary or prolonged) due to cyber attack/other emergency, failure to manage maintenance/backups/suppliers/contracts, or lack of investment in systems/staff/training (i.e. failure of IT services to uphold priorities of Confidentiality, Integrity and Availability).							
Potential Impact	Financial impact from loss of productivity, service disruption (inc. statutory/vulnerable groups), inability to communicate, harm to staff/customers (access to records/Potentially Violent Persons register) & legal/regulatory/reputational implications.				Likelihood		Likelihood	
Note	Considered among most significant global threats, increasing with dependence on systems, delays in change programme & reducing budgets. Work ongoing in wide range of areas to improve systems, supplier arrangements & resource allocation.				Impact		Impact	
Related Actions	Develop & deliver the Council's Digital Transformation Strategy			CRR P&P IT1	Existing Controls	Service Level Agreements & Contracts		
	Complete actions from IT Asset Management Plan			CRR P&P IT2		Business Continuity Plans		
		Information Not Managed Effectively	COU CRR 009	Strategic Director - Partnership & Performance	Current Score	12	Target Score	8
Risk	Information is not protected due to lack of compliance with information sharing, data protection, records management or IT principles/protocols (Confidentiality, Integrity & Availability), or poor management of information leads to inefficiency (duplication across multiple systems) and decisions based on poor quality/inaccurate business intelligence.							
Potential Impact	Legal/reputational/financial implications from breaches, inefficiencies costing time/money, non-completion of (possibly statutory) duties. Loss of productivity, impacting morale, or uninformed decision-making if information not available/used.				Likelihood		Likelihood	
Note	Information Governance Group plans refocussed on records management, GDPR & information security. Improvement seen, score will reduce when IT Asset Plan, digital transformation, GDPR, records management & audit actions complete.				Impact		Impact	
Related Actions	Develop a programme of digitisation to support redesign and service change			EXA BVA 1A4	Existing Controls	Records Management Working Group		
	Develop & deliver the Council's Digital Transformation Strategy			CRR P&P IT1		Information Sharing Protocols		
	General Data Protection Regulations Implementation Project Plan			COU GDP 000		GDPR Guidance & Training		





 	Failure to Address Serious Organised Crime	COU CRR 037	Strategic Director - Partnership & Performance	Current Score	12	Target Score	8
Risk	Public bodies fail to address the issues around serious organised crime involving drugs, violence, fraud, corruption, money laundering and/or human trafficking, due to a lack of preventative processes or information sharing.						
Potential Impact	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.						
Note	Actions identified from Police Scotland self-assessment & internal audit. IT/Web security enhanced, staff training provided & CONNECT information on general, cyber personal & building security. Monitored by Corporate Risk & Integrity Forum. Score has increased due to improved awareness of impacts and incidents experienced by other public bodies.						
Related Actions	Serious Organised Crime action plan, based on Police Scotland self-assessment	COU SOC	Existing Controls	Let Scotland Flourish Strategy			
	Implement Council CONTEST Delivery Plan, based on the Government's CONTEST Strategy	CRR P&P SP1		National Fraud Initiative			
	Actions from Internal Audit of CONTEST, Prevent & Serious Organised Crime Readiness	CRR P&P SP2					

 	Harm to Child(ren)	COU CRR 011	Chief Social Work Officer; Chief Education Officer	Current Score	10	Target Score	5
Risk	A lack of intervention or action by the Council fails to prevent the serious harm of a child/children.						
Potential Impact	Effects of injury or death on individual, family, friends & staff members, reputational & legal implications, with associated costs, as well as impact of reputational damage & negative publicity on morale, workforce development and sustainability.						
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	Clackmannanshire Education Plan - National Improvement Framework 2018/19	CRR PPL NIF	Existing Controls	Child protection procedures			
	Social Services Business Plan 2017-22	SOS BP 17-22		Public Protection Forum			
	Children's Services Plan 2017-2020	SOS CHC CSP		Child Protection Committee			

 	Inadequate Workforce Planning	COU CRR 047	Strategic Director - Partnership & Performance	Current Score	9	Target Score	3
Risk	Due to a lack of workforce planning, the Council fails to adequately develop its workforce to ensure that skills, knowledge and structures are appropriate, sustainable, financially viable, and compatible with our corporate vision.						
Potential Impact	Lack of workforce intelligence and forward strategic workforce planning results in an under-investment in our workforce and an increasing disconnect between the people and skills we have, versus the people and skills we need. This results in the Council being unable to maintain and develop sustainable and appropriate services based on available skills / numbers.						
Note	The Organisational Workforce Plan is referenced as an enabling strategy for the draft Corporate Plan (to Council 25-Oct-18, currently being consulted on). Individual plans at directorate level and below will be developed as part of organisational redesign, and will feed the creation of the Organisational Workforce Plan.						
Actions	Complete Corporate Plan actions under 'Organisational Transformation' priority (no code yet – draft plan)		Controls	Interim Workforce Strategy			

Approach Tolerate

		Failure of Public Utility Supply	COU CRR 040	Strategic Director - Partnership & Performance	Current Score	16	Existing Controls
Risk	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, requirement to evacuate & find alternative accommodation, including for vulnerable people. Disruption to businesses, with potentially large costs, and impact on contact with health, care and emergency services.						Major Incident Procedures
Note	Risk remains high due to infrastructure & power interdependencies, particularly outage recovery time. Priority for Resilience community, particularly due to Councils' duty of care. Planning & work ongoing.						Emergency Response Plan
		Unknown Terms of EU Withdrawal	COU CRR 045	Chief Executive	Current Score	15	Existing Controls
Risk	The Council is unable to prepare for the impact of Brexit due to uncertainty around terms of withdrawal, future relationships with European Union nations, and timing of withdrawal (possible extension of Article 50 period beyond 29-Mar-19).						Brexit Update Reports to Council
Potential Effect	Inability to assess/mitigate/prepare for impact on migration/workforce, economy/trade, law/regulation, security/intelligence, or wider impacts on substantial range of sectors (see Brexit Update to Council, 25-Oct-18). Also, differing geographical impacts, e.g. less economic resilience in Clacks, and some exports (drinks & fish) more significant for Scotland than rest of UK. Council/Clacks impact most likely on workforce, economy/finance/procurement & value/funding of goods & services.						
Note	Work has begun to gather any available data in relation to finance/economy & workforce/employment in the Council and local area. Updates on Council, Clacks, Scotland and UK positions will be provided to Council for the foreseeable future.						
		Industrial Unrest	COU CRR 023	Chief Executive	Current Score	12	Existing Controls
Risk	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	Immediate effects on service delivery & those dependent on services, with financial and reputational damage, and residual impact on staff morale & productivity. In case of partners/suppliers may have to support or reduce activity/service delivery.						FV Resilience Partnership
Note	Continued uncertainty around council redesign impacting staff, however senior appointments should ensure actions are progressed, providing clarity & assurance to staff. Business Continuity planning mitigates impact to tolerable level.						Trade Union Comms Protocol

		Failure to Prepare for Severe Weather Events	COU CRR 031	Strategic Director - Place	Current Score	12	Existing Controls
Risk	Inability to respond to severe weather events due to lack of appropriate planning & equipment (e.g. 4x4 vehicles). Most likely flooding from rain/coastal surge, winter weather or heatwave (increasing frequency & severity due to climate change).				Likelihood	Impact	Business Continuity Plans
Potential Effect	Widespread community dislocation, damage to property, businesses, roads & utility infrastructure (inc. telecoms & power), or inability of staff to get to workplace. Increased workload in numerous services, impact on delivery, reputation & finances.						FV Resilience Partnership
Note	Controls in place for winter- & flood-related threat, proved broadly robust this year, with lessons learnt built into future plans. Reduced staff numbers threatening resilience but 2 community resilience groups now operating in Hillfoots area.						Winter & Flood Management Plan
		Public Health Emergency	COU CRR 022	Chief Executive	Current Score	9	Existing Controls
Risk	Significant numbers of Council staff and customers become ill due to the occurrence of a public health emergency, such as a flu pandemic, with spread potentially exacerbated through failure to vaccinate or follow hygiene protocols.				Likelihood	Impact	Business Continuity Plans
Potential Effect	Short- & long-term health implications for public & staff (inc. absence if ill or caring for others). Disruption to support & front-line services, inc. to already vulnerable groups. Consideration required of minimal service provision requirements.						Major Incident Procedures
Note	Scottish government focussing on pandemic flu, with significant training programme planned this year through the NHS.						Pandemic Flu Plan

Appendix B - External Audit Actions

Audit of 2017/18 Accounts by Audit Scotland

Overall Progress

59%

External Audit Final Report to Members on the 2017/18 Audit, to Clackmannanshire Council on 27-Sep-2018.

Submission of Financial Statements for Audit		Interim Chief Accountant		EXA 178 001			
Observation	This was a transitional year in terms of the form and content of the annual report and accounts and coincided with changes in the staff involved in their preparation. We noted several presentational and disclosure issues which in our view could have been identified by a more comprehensive review before submission for audit. In addition, the working papers provided to support the financial statements were incomplete						
Risk	Poor quality and inaccurate financial statements are presented for audit and to councillors						
Recommendation	The council should review its arrangements for preparing the financial statements to ensure their quality and accuracy						
Progress	<div style="width: 90%;"><div style="width: 90%;"></div></div> 90%	Status		Expected Outcome		Due Date	31-Mar-2019
The timing of a number of key staff departures left the finance team on a steep learning curve for the year end. A number of learning points have been recorded from the process and these will be implemented for the 2018/19 accounts. Including better timetabling, documentation and earlier planning. Therefore, arrangements have been reviewed but action will not be marked as complete until they have been implemented.							

Assets Under Construction		Interim Chief Accountant		EXA 178 002			
Observation	Our audit testing identified that the council has misclassified several assets as assets under construction in the financial statements. Construction of these assets was completed in previous years and some of the assets had been sold. Weaknesses in communication between the council's estates and finance teams meant that the council's fixed asset register and financial ledger had not been updated to reflect these changes. As a result, assets with a total value of £4.6million were incorrectly disclosed as assets under construction in the accounts presented for audit						
Risk	The Council is not aware of changes affecting its assets which results in errors in the financial statements						
Recommendation	The council should ensure there is clear and regular communication between the finance team and other service areas, particularly during the financial statements preparation process.						
Progress	<div style="width: 100%;"><div style="width: 100%;"></div></div> 100%	Status		Expected Outcome		Due Date	31-Mar-2019
With the loss of the Council surveyor and the Capital Investment Group ceasing, communications is inadequate. A new Capital Operations Group has now been implemented, with communication and joint working now in operation. This has occurred before the audit commenced.							

Capital Programme		Interim Chief Accountant		EXA 178 003			
Observation	The council's trend of capital underspending continued in 2017/18 with an underspend of £10.1 million on the capital programme which represents 52% of planned spending. The capital programme is a major part of the council's plans to achieve savings and improve services. It mainly includes major infrastructure projects that will help the council to deliver services more efficiently. There is a risk that recurring underspending leads to slippage in the capital programme which will affect the council's ability to achieve these aims						
Risk	Recurring underspending leads to slippage in the capital programme which affects the council's ability to achieve savings and improve services						
Recommendation	The council should press on with work to improve the management of its capital programme						
Progress	<div style="width: 20%;"><div style="width: 20%;"></div></div> 20%	Status		Expected Outcome		Due Date	31-Mar-2019
The capital planning priorities are currently under review as the new Strategic Directors begin to review their budgets and long-term capital plans. These are being aligned with the draft Corporate plan and LOIP outcomes. During 2018/19 a capital strategy will be produced which will set out the vision and context for these plans. Elected members will be actively involved in scrutinising Capital Asset Plans, therefore monitoring and challenge will be rigorous during 2018/19.							

Budget Scrutiny		Interim Chief Accountant		EXA 178 004			
Observation	While the council received the unaudited accounts for 2017/18 in June 2018, management did not prepare a final outturn report for councillors setting out details of the financial performance of the council in 2017/18. In contrast to previous years, this means that councillors did not have the opportunity to scrutinise the financial performance of individual services in 2017/18 and investigate the reasons for significant revenue and capital over and underspends. The council's performance in achieving agreed savings was also not reported. This is a significant omission which management has informed us was due to changes in personnel in the finance team.						
Risk	The council's finances are not adequately scrutinised and services are not held to account for their spending						
Recommendation	The council should review its year end budget monitoring arrangements to ensure councillors have the information and opportunity to scrutinise the council's finances						
Progress	<div style="width: 90%;"><div style="width: 90%;"></div></div> 90%	Status		Expected Outcome		Due Date	30-Jun-2019
The timetabling of Committee meetings meant that the first opportunity to report the year end draft outturn would have been June, at which, the draft final accounts were also being presented. For 2018/19 a draft outturn will be presented to the June 2019 Audit Committee. Again, arrangements have been reviewed but action will not be marked as complete until they have been implemented.							

Financial Management Capacity		Chief Executive		EXA 178 005			
Observation	Since May 2018 the section 95 officer has been the Interim Chief Accountant. The Interim Chief Accountant has direct access to the Chief Executive and is a member of the extended senior leadership group. In this report we have highlighted that the council could improve the quality of its unaudited financial statements and working papers, and its year-end budget monitoring arrangements. We accept that these issues may reflect the impact of recent management changes on the leadership and capacity of the finance team and may only be temporary. We are also aware that vacancies and staff absence in other services have also made it more difficult for finance staff to get information needed to prepare the financial statements. Nonetheless, in view of the council's acute financial position we believe that it is important to highlight this potential risk in this report to the council						
Risk	The finance team does not have sufficient leadership and capacity to support effective financial management						
Recommendation	The council should ensure that the actions it is taking secure the leadership and capacity in the finance team to support effective financial management						
Progress	<div style="width: 33%;"><div style="width: 33%;"></div></div> 33%	Status		Expected Outcome		Due Date	31-Mar-2019
At the time of writing, the permanent post of Chief Finance Officer (Section 95 Officer), Senior Service Manager (Partnership & Performance) is currently being advertised on the MyJobScotland portal. This post, therefore, incorporates both the statutory S95 role and strategic leadership of the Finance service, and will be a member of the Extended Strategic Leadership Group, along with the Chief Executive, Strategic Directors and other statutory posts.							

Savings Plans		Interim Chief Accountant		EXA 178 006			
Observation	The council knows it needs to continue to find and achieve savings, particularly given its low level of available reserves. It agreed a new strategic model for providing services in March 2017. The new model focuses on greater integration of services, with new ways of working across departments. The council aims to generate savings by reducing the level of resources required to deliver services. Senior councillors and chief officers are working together to identify savings priorities which will form the basis for savings plans for 2019/20 and beyond. The council will need to make difficult decisions to achieve financial balance in the medium term.						
Risk	The Council is unable to deliver priority services						
Recommendation	The council should build on work underway to develop savings plans to address the substantial funding gaps it has identified in each of the next three years						
Progress	<div style="width: 50%;"><div style="width: 50%;"></div></div> 50%	Status		Expected Outcome		Due Date	31-Mar-2019
The 2019/20 Budget Challenge sessions are underway. The experience of recent years will now ensure that timescales are more realistic, especially around VS and TVR processes and the resultant savings these produce. The new Strategic Directors are working with their teams to fully review service provision. This will involve a consultation process with key stakeholders.							

Organisational Change & Transformation		Chief Executive		EXA 178 007			
Observation	The council has started work to address the recommendations of the BVAR. It is implementing new management and committee structures and is taking steps to introduce a programme management function. The next stage to review services to determine the level at which they are most effectively and efficiently delivered is underway. The council now needs to build on this work and take the next steps required to translate structural change into savings and new ways of working that will improve its financial position. The 2019/20 budget will be a crucial test of the council's ambition for transformational change.						
Risk	The council does not make the transformational change necessary to secure its financial position						
Recommendation	The council should build on work already underway and take the next steps to secure the changes needed to address its acute financial position						
Progress	<input type="text" value="33%"/>	Status		Expected Outcome		Due Date	31-Mar-2019
<p>New committee structures have been in place since August and the Scheme of Delegation and Standing Orders will be revised by the end of the financial year. The Chief Executive and 2 Strategic Directors are in post, and other senior & statutory roles have been/are being advertised, or have moved to subsequent stages of recruitment. This includes the Programme Manager post (as part of proposals agreed by Council in August) who will be closely involved in the 2019/20 budget process, which is also underway. In advance of this appointment, a new Corporate Plan has been drafted and is out for consultation, and the Strategic Leadership Group and Service Managers' Forum are considering options for service redesign and alternative delivery methods.</p>							