CLACKMANNANSHIRE COUNCIL	THIS PAPER RELATES TO ITEM 7
	ON THE AGENDA

Report to	Audit Committee

Date of Meeting: 5th December 2019

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

Report by: **Strategic Director – Partnership & Performance**

1.0 Purpose

1.1. This report provides the 2019/20 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 2018/19 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 (often complex) inter-dependencies. The hierarchy of risk logs from teams, services, directorates (and partnerships), up to the corporate log should ensure that each level 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.

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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.

3.2.2. Each corporate risk 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 held with risk owners and delegated officers to:

- Review changes and developments in existing corporate and service risks (progress, controls and scores, and consider escalation/demotion);

- Analyse dependencies, 'knock-on effects' and wider perspectives (discussing with both the approach/action owner, and those who must adhere/deploy/react);

- Investigate emerging externally-identified risks for local relevance (local audit/inspection, other authorities, national themes and Association of Local Authority Risk Managers);

- Evaluate emerging internally-identified risks (ad hoc or through Internal Audits, self-assessments or the Annual Governance Statement process).

3.2.3. Risks with implications across multiple services, or assessed as significant for any specific area, are considered for escalation to the corporate log, where they are managed until their severity reduces. Risks are recorded on the Pentana Performance Management System and linked to outcomes, actions (or overall plans/strategies) and existing controls (policies, procedures, scrutiny, etc.). It would be impossible to remove all risk from our operations as most functions have inherent risks, as do most changes, but not developing and improving also involves risk. Thus, never taking risks could also mean failing to fulfil statutory duties, comply with new legislation or take advantage of improvement opportunities/new technologies, etc. The aim, therefore, is not to be 'risk averse' but 'risk aware'.

3.2.4. We identify our approach to managing each risk as:

Treat: we will take action to reduce the risk;
Tolerate: actions within our control have been completed 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.

3.3. Development & Improvement

3.3.1. Over the last year, changes have been made to the Corporate Risk & Integrity Forum, now taking place quarterly at the Extended Strategic Leadership Group, with updates from ad hoc attendees, depending on the current risk profile. This strengthens focus on risk, visibility, ownership and input at a senior level, and provides flexibility to address the most significant risks at any time, ensuring timely steps are taken to minimise negative impact on the achievement of outcomes. The risk strategy is also under review and will be presented once approved (risk guidance is included with year-end reports, for information).

3.3.2. With the new Local Outcomes Improvement Plan (LOIP) and Corporate Plan in place, and management appointments and re-structuring progressing, a full strategic corporate risk assessment will be conducted, followed by service and team reviews. This will fully refresh and align risk logs to the Council and Alliance's aims. In future, corporate risks will be reported as part of the Corporate Plan, alongside progress on key strategies and the Local Government Benchmarking Framework, to provide a holistic answer to the questions: 'how are we performing?', 'what are we doing about it?' and 'what might get in the way?'.

3.4.   Corporate Risk Log – Appendix A

3.4.1. As seen in the current risk profile, periods of transition commonly involve a number of related risks while changes in leadership/structures are embedded, and other processes reviewed. As well as internal issues, wider political, social and economic factors also present uncertainties. In particular, the EU Withdrawal risk is still fluctuating, so can only be reported as at the time of writing (with a verbal update at Committee).

3.4.2. The other main changes to the log at the 2019/20 half year stage are:

- a single, increased, risk on Poverty/Inequality being created by combining the previous separate risks regarding Changing Demographics and Welfare Reform;

- a reduction in the likelihood of Health & Safety Breach, Harm to Child(ren) and Industrial Unrest (with the latter to the extent that this will now be removed from the log); and

- an increase in the likelihood of Public Health Emergency.

3.4.3. Further detail on each of these is provided below, as well as other cases, where mitigating actions or other factors have changed risks' severity, though not with the materiality to change the score itself. In others, completed mitigating actions are balanced with external changes, or increased knowledge of organisational vulnerability, resulting in no net change to the score. Reviews also include assessing the appropriateness of leads/owners, and some of these have been amended in light of new Senior Manager responsibilities.

Approach: Treat

3.4.4. As highlighted in our External Audit report, though there has been progress, Financial Resilience, Organisational Transformation and Governance remain key areas of focus. While there is evidence that Welfare Reform is a significant issue, with further expected negative impacts on individuals and local economic resilience, this has been re-assessed, with the conclusion that it is a cause, amongst others, of a wider risk to the area. Changing Demographics has, therefore, been refocussed on the wider risk of Poverty and Inequality, in line with Corporate Plan and LOIP priorities, with aspects of the Welfare Reform risk (which will now be removed) being incorporated, and the score increased.

3.4.5. As noted above, at the time of writing, the situation in relation to EU Withdrawal is still changeable. Though a General Election has been called, the outcome in relation to this issue is still unknown, and there are already impacts regarding outwards migration of EU nationals, the value of the pound, and the substantial time spent by authorities on preparations. A further update will be provided at Committee, if appropriate.

3.4.6. Focus also remains on Health & Safety compliance, with continued policy development and evidence that the staff training and support provided is positively influencing behaviours. Work continues around Extremism, with developments in security protocols, plans, training and information for staff. As reflected in the LOIP, Child Protection is always a key priority, and workforce/accountability issues are now being mitigated, with a resulting reduction in the score. Addressing the Attainment Gap is also a significant Council and Alliance priority, with continuing implementation of Scottish Attainment Challenge actions.

3.4.7. The Serious Organised Crime score remains consistent, despite training and awareness-raising sessions with Police Scotland, due to ever-increasing knowledge of vulnerabilities, such as around human trafficking and the Waste sector. Implementation of the newly approved Strategic Workforce Plan and the Corporate Transformation Programme will reduce the Workforce Planning risk, and IT System Failure will be reduced by capacity and capability improvements, and cloud-based technologies. During organisational transition, Information Management is also key, with new regulations and digital transformation implications, and roll-out of controls and support continues.

Approach: Tolerate

3.4.8. Risks which must be tolerated are generally those where the cause/likelihood is less controllable (often Business Continuity-related), where we must focus more on response than prevention. All Business Continuity plans are being reviewed as part of EU Withdrawal preparations, and the Council and Forth Valley Local Resilience Partnership continue to strengthen resilience in relation to Public Utilities. Projections from Australian data suggest that there is a strong likelihood of a flu pandemic this year which, alongside capacity issues recently experienced by the NHS, increase this risk's score.

3.4.9. 2018 was a clear example of Climate Change impacts materialising in both the summer and winter, therefore, it can no longer be expected that the risk of Severe Weather will fluctuate seasonally. Plans are in place, with ongoing development by local resilience groups. The conclusion of national multi-year pay negotiations earlier in the year reduces the risk of strike action. Though re-structuring and other proposals have the potential to cause unrest, Trade Unions are being actively engaged in order to mitigate this, and it is felt that this risk should now be removed from the corporate log and reconsidered at a service level.

3.5. External Audit Actions – Appendix B

3.5.1. Though this report follows relatively closely after the External Audit final report to committee on the 2018/19 audit, and most target dates are not until next year, the action plan is over a third complete already. It is important to monitor progress closely, and these actions are reported alongside corporate risk to ensure links are made between key assessments of strategy and governance from both internal and external sources. As would be expected, some of the more strategic recommendations from Audit Scotland's assessment link directly to some of the most significant corporate risks.

3.5.2. Actions regarding the Capital Programme, Budget Scrutiny and Best Value are closely aligned to the corporate risks on Financial Resilience, Organisational Transformation and Governance. These risks, and particularly the latter, as well as the Serious Organised Crime risk are also relevant to the Fraud Arrangements and National Fraud Initiative actions. The Housing Rents Reconciliation action is slightly more operational in nature but, again, relates to the efficiency and effectiveness of financial management mechanisms. Work has begun on all actions, and further updates will be provided to Audit Committee as part of the next corporate risk report.

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

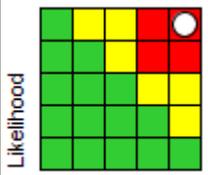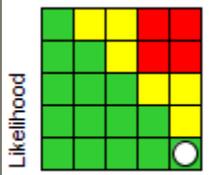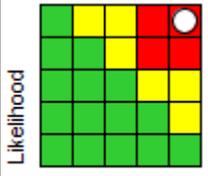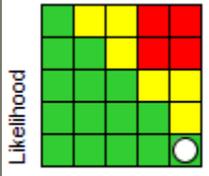| NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director Partnership & Performance	███████████████

Appendix A - Corporate Risk Log
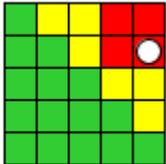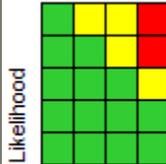

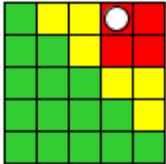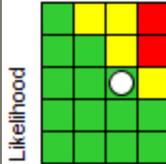| Summary of Changes	Distribution of Scores
At the 2019/20 half year stage (out of a total of 18 risks): **Status** 🛑 7 risks are red (6 in previous report – 2018/19 year end) ⚠️ 10 risks are amber (11 in previous report) ✅ 1 risk is green (1 in previous report) **Approach** 14 risks are being **Treated** (14 in previous report) 4 risks must be **Tolerated** (4 in previous report) **Change in Scores Since Last Review** ⬆️ 3 risks have increased ➖ 11 risks remain the same ⬇️ 2 risks have reduced N No risks have been newly added to the log R 2 risks will be removed from the log after this report	
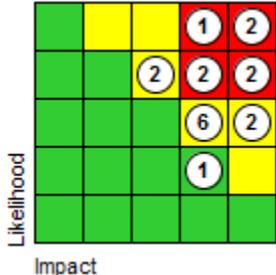
Code	Title	Score	Status	Approach	Change
COU CRR 008	Insufficient Financial Resilience	25	🛑	Treat	➖
COU CRR 034	Insufficient Pace and Scale of Organisational Transformation	25	🛑	Treat	➖
COU CRR 005	Impact of Poverty, Inequality & Changing Demographics	20	🛑	Treat	⬆️
COU CRR 045	Unknown Terms of EU Withdrawal	20	🛑	Treat	⬆️
COU CRR 012	Health & Safety Breach	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	R
COU CRR 038	Failure to Prevent Extremism and/or Radicalisation	15	⚠️	Treat	➖
COU CRR 011	Harm to Child(ren)	12	⚠️	Treat	⬇️
COU CRR 048	Increasing Attainment Gap	12	⚠️	Treat	➖
COU CRR 037	Failure to Address Serious Organised Crime	12	⚠️	Treat	➖
COU CRR 047	Inadequate Workforce Planning	12	⚠️	Treat	➖
COU CRR 046	IT System Failure	12	⚠️	Treat	➖
COU CRR 009	Information Not Managed Effectively	12	⚠️	Treat	➖
COU CRR 022	Public Health Emergency	12	⚠️	Tolerate	⬆️
COU CRR 031	Failure to Prepare for Severe Weather Events	12	⚠️	Tolerate	➖
COU CRR 023	Industrial Unrest	8	✅	Tolerate	R

Approach Treat

Insufficient Financial Resilience

Senior Manager Finance & Revenues	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 and legal implications and severe, extended loss of service provision. Possibility of Alliance, Health & Social Care and other partners also experiencing budget pressures contributes to potential impact, given the interdependencies.
Note	The cumulative funding gap to 2023 has been reduced from £23.5m to £20.5m as reported to Council in October 2019. Although this has reduced, there is a continuing need for service redesign to ensure service delivery. 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 and transformational change.

Related Actions			Existing Controls	
Audit of 2018/19 Accounts by Audit Scotland	COU EXA 189			Budget Strategy & Monitoring
Use the agreed strategic change framework to implement a whole organisation redesign	EXA BVA 1A0			Procurement Strategy
Balance drive for savings with need for change support & make more use of external assistance	EXA BVA 4F0			Change Management Board

Insufficient Pace and Scale of Organisational Transformation

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	Councils Transformation strategy was agreed by Council in March 2019 and a redesign delivery framework followed in August 2019. This framework incorporates activity in three key areas: empowering families and communities; embedding council vision and values and raising the profile of Clackmannanshire locally, regionally, nationally and internationally. Regular updates are provided to Council on progress of key activities set out in the framework. This includes significant transformation activities proposed as part of the Councils 2020/21 budget setting process. Transformation Programme Manager now in post, with recruitment of other key posts ongoing.

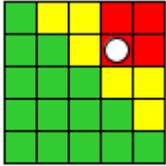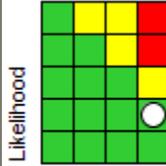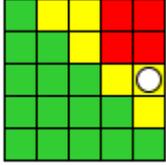| Related Actions			Existing Controls	
Establish a Programme Management Office to support organisational redesign	EXA BVA 1B0			Communications Strategy
Establish a governance process and structure to drive, oversee and monitor the change process	EXA BVA 1C0			Business Planning Process
Carry out a programme of training in leading and managing transformational change	EXA BVA 4F1			Union & Member Comms Forums

Appendix A – Corporate Risk Log   ✓ Low: 9 or less   △ Medium: 10 – 15   ● High: 16 or more   ⬆Increased   ▬ Consistent   ⬇Reduced   **N**ew Risk   **R**emove from log
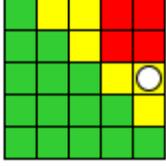
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	Impact of Poverty, Inequality & Changing Demographics	Chief Executive	Current Score	20	Target Score	5
Risk	Services are not appropriately redesigned based on changing needs in relation to the ageing population, health, complexity of care or socio-economic factors, specifically poor outcomes associated with welfare reform, poverty and/or inequality.					
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. Key priorities are to reduce children living in poverty; to develop inclusive growth and to empower families and communities in Clackmannanshire. Plans and actions are in place, or are developing, to address these key priorities. Data, research and evidence based approaches routinely informs decision-making, and work is ongoing to develop plans following the completion of the Clacks Effect research in late 2018. This risk has been increased to reflect local planning assumptions arising from EU Withdrawal.					

Related Actions	Clackmannanshire Alliance Local Outcome Improvement Plan 2017-27	CPP LOI	Existing Controls	Customer Consultation & Engagement
	Implement Health & Care Partnership Strategic Delivery Plan	CRR HSC SDP		Budget Strategy & Monitoring

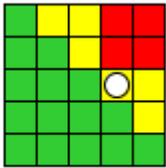|	Unknown Terms of EU Withdrawal	Chief Executive	Current Score	20	Target Score	9
Risk	The Council is unable to prepare for the potential impact of Brexit due to uncertainty around the terms of withdrawal, future relationships with European Union nations, or the timing of withdrawal (possible extension of Article 50 period).					
Potential Impact	Inability to assess/mitigate/prepare for impact on migration, trade, regulation, security, or wider impacts across sectors (see Brexit Update to Council, 25-Oct-18). Also differing geographical impacts for Clacks (economic resilience) and Scotland (food/drink) than UK. Local impact most likely workforce, economy/procurement & value/funding of goods & services.					
Note	Work is ongoing to assess and monitor the potential impacts of EU withdrawal based on the Scottish and UK planning assumptions. Information has been shared with employees, elected members and with communities on potential impacts and to plan mitigations. Information for employees and communities has been shared on the Council website. Work in partnerships with resilience partners, COSLA and SOLACE is ongoing. The Councils resilience planning and preparations for Business Continuity have been further developed and enhanced in recent months.					

Actions		Controls	Brexit Update Reports to Council

	Health & Safety Breach	Chief Executive	Current Score	20	Target Score	5
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	Some progress is being made in changing the culture around operations. H&S policy suite is nearly complete, and evidence of briefings with staff is starting to improve, although still not uniformly shared across all services.					
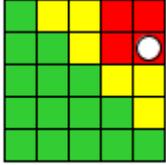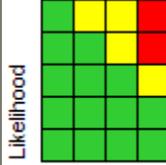
Related Actions	Health & Safety action plan, based on recommendations from Gallagher Bassett	CRR P&P HR1	Existing Controls	Health & Safety Management System
	Governance improvement actions across all services	CRR P&P LD1		Health & Safety Managers' Handbook

Appendix A – Corporate Risk Log   ✔ Low: 9 or less   ⚠ Medium: 10 – 15   ● High: 16 or more   ⬆Increased   ▬ Consistent   ⬇Reduced   New Risk   Remove from log

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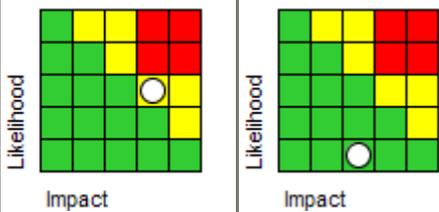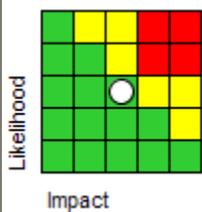|		**Major Governance Failure**	Senior Manager Legal & Governance		Current Score	16	Target Score	8
Risk		A significant failure of compliance with statutory duties due to a lack of awareness or understanding of corporate policies or codes of conduct, or through non-adherence, including through management 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. New committee structures have been in place since August 2018. Standing Orders & Scheme of Delegation will be revised by the end of the financial year to reflect new appointments & responsibilities.						
Related Actions		Audit of 2018/19 Accounts by Audit Scotland		COU EXA 189	Existing Controls	Scheme of Delegation		
		Annual Internal Audit & Fraud Programme		COU IAF		Governance & Audit Processes		
		Governance improvement actions across all services		CRR P&P LD1		Committee Structures & Remits		

		Council & Community Impact of Welfare Reform	Strategic Director - Partnership & Performance		Current Score	15	Target Score	5
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		This risk will be removed from the register as it has been combined with the risk regarding Changing Demographics to form a single risk regarding continued Poverty and Inequality in the area.						
Related Actions		Targeted early interventions to address poverty & invest in long term outcomes for young people		LOI LP1 108	Existing Controls	Scottish Welfare Fund (Crisis Grants)		
		Develop an Inclusive Economic Growth Strategy with focus on developing a skilled workforce		LOI LP1 203		Discretionary Housing Payments		

		Failure to Prevent Extremism and/or Radicalisation	Senior Manager Partnership & Transformation		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.						
Note		Continue to implement CONTEST delivery plan through work with our partners. Internal audit was completed in 2018 with substantial assurance provided. Training on Prevent Professional Concerns and development workshops delivered by Scottish Government attended by key staff in March 2019.						
Related Actions		Actions from Internal Audit of CONTEST, Prevent & Serious Organised Crime Readiness		CRR P&P SP2	Existing Controls	CONTEST Plan & Working Groups		
						WRAP Training (High Priority Staff)		
						Forth Valley Resilience Partnership		
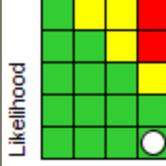
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⚠ ⬇ **Harm to Child(ren)**		Strategic Director - People	Current Score	12	Target Score	8

Risk	A lack of capacity or stability in key roles reduces the Council's ability to fulfil statutory requirements and intervene 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 level of likelihood has now decreased due to various reasons (increased staff capacity, progress with staff training and development, clarity in child protection accountabilities) though the level of potential impact remains the same.
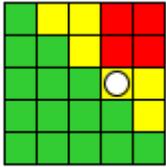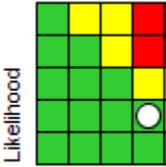
Related Actions	Develop and Implement a new Corporate Parenting Strategy for 2018/2021	LOI LP1 102	**Existing Controls**	Public Protection Forum
	Children's Services Plan 2017-2020	PPL CSP		Child Protection Committee
	People Directorate Business Plan	PPL DBP		Child Protection Procedures

⚠ ▬ **Increasing Attainment Gap**		Chief Education Officer	Current Score	12	Target Score	8

Risk	The Council fails to reduce the educational attainment gap between pupils from more and less deprived areas due to financial pressures, workforce issues, or wider economic, demographic and poverty-related issues.
Potential Impact	Reputational damage, implications for inspection & funding, and continued poor school leaver destinations, participation & young people reaching potential, longer-term impacts on social mobility, poverty, life chances and economic growth.
Note	Programmes have been reviewed, with some ceasing & others redesigned. Improving Outcomes Principal Teachers are in post, and the Pupil Equity Fund plan aligned to the Attainment Challenge. A Collaborative Research Strategy is in place, the Tapestry Partnership is delivering a bespoke programme and the Early Intervention Team has been redesigned.
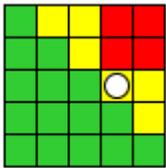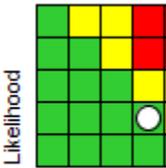
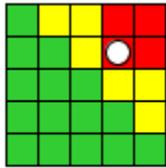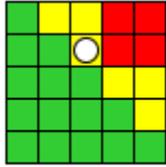| **Related Actions**	Deliver Attainment Challenge actions and ensure barriers to learning are identified & addressed	LOI LP1 201	**Existing Controls**	National Improvement Framework
	People Directorate Business Plan	PPL DBP		Education Senior Management Team
	Scottish Attainment Challenge Action Plan 2018/19	PPL EDU SAC		Scottish Attainment Challenge

⚠ ▬ **Failure to Address Serious Organised Crime**		Senior Manager Partnership & Transformation	Current Score	12	Target Score	8

Risk	Public bodies fail to address organised crime involving drugs, violence, fraud, corruption, money laundering and/or human trafficking (with women and girls particularly vulnerable), 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	Police Scotland self-assessment completed and Internal Audit report reported substantial assurance. IT/Web security enhanced, staff training provided & CONNECT information on general, cyber, personal & building security. Key services attended training delivered by Police Scotland in May 2019. Progress monitored by Corporate Risk & Integrity Forum.
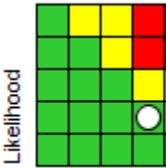
Related Actions	Serious Organised Crime action plan, based on Police Scotland self-assessment	COU SOC	**Existing Controls**	Let Scotland Flourish Strategy
	Implement Council CONTEST Delivery Plan, based on the Government's CONTEST Strategy	CRR P&P SP1		National Fraud Initiative
	Actions from Internal Audit of CONTEST, Prevent & Serious Organised Crime Readiness	CRR P&P SP2		Serious Organised Crime Delivery Plan

Appendix A – Corporate Risk Log   ✓ Low: 9 or less   ⚠ Medium: 10 – 15   🔴 High: 16 or more   ⬆Increased   ▬ Consistent   ⬇Reduced   **N**ew Risk   **R**emove from log

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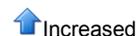|		Inadequate Workforce Planning	Senior Manager HR & Workforce Development	Current Score	12	Target Score	3
Risk		Due to a lack of workforce planning, the Council fails to adequately develop its workforce to ensure that skills, knowledge and structures are appropriate, sustainable, financially viable, and compatible with our corporate vision.					
Potential Impact		Lack of intelligence on opportunities & threats around workforce development, resulting in under-investment in workforce and increasing disconnect between the people and skills we have, versus the people and skills we need for the future.					
Note		Council approved the Strategic Workforce Plan (2019-22) in June 2019. This identifies the key workforce development priorities for the Council, and establishes a detailed plan of work for the next three years (via the annexed workforce development delivery plan). As we move through implementation, the likelihood of this risk occurring will reduce.					
Actions		Implement the Workforce Plan 2019-22 once approved by Council	CRR P&P HR3	Controls	Strategic Workforce Plan		
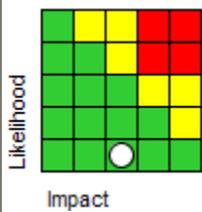
		IT System Failure	Senior Manager Partnership & Transformation	Current Score	12	Target Score	9
Risk		Full or partial loss of network/hardware/software/telecoms technologies (temporary or prolonged) due to cyber attack/other emergency, failure to manage maintenance/backups/suppliers/contracts, or lack 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.					
Note		Ongoing improvements to infrastructure to reduce likelihood of failure and improve ability to recover. Lack of staff resource to progress key projects to update/replace vulnerable systems. Continued risk from legacy systems which are reaching end of life and which are likely to fail security compliance requirements in near future or which require high levels of support. Projects are in place to modernise most of these but risk will remain until systems are replaced.					
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		
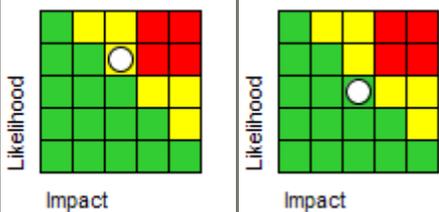
		Information Not Managed Effectively	Senior Manager Legal & Governance	Current Score	12	Target Score	8
Risk		Information is not protected due to lack of compliance with information sharing, data protection, records management or IT principles/protocols (Confidentiality, Integrity & Availability), or poor 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.					
Note		Ongoing work and education around technical and operational controls (inc. Clacks Academy mandatory training. Cyber Essentials achieved. Ongoing consolidation of systems. Council reorganisation brings negative impacts to management of information. Terms of Reference for Information Governance Group approved by ESLG. Digital Strategy approved.					
Related Actions		GDPR Implementation Project Plan	COU GDP	Existing Controls	Data Sharing Agreements		
		Develop & deliver the Council's Digital Transformation Strategy	CRR P&P IT1		Records Management Working Group		
		Develop a programme of digitisation to support redesign and service change	EXA BVA 1A4		GDPR Guidance & Training		
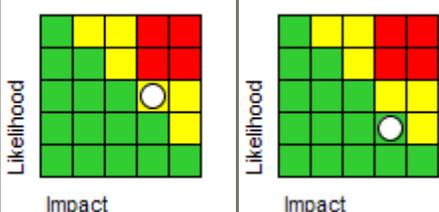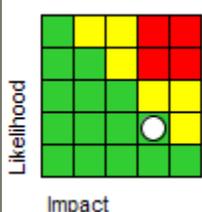
Appendix A – Corporate Risk Log   ✓ Low: 9 or less   △ Medium: 10 – 15   ● High: 16 or more   ⬆Increased   ▬ Consistent   ⬇Reduced   New Risk   Remove from log

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Approach Tolerate

🔴 ➖	**Failure of Public Utility Supply**	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.				Emergency Response Plan
Note	Risk remains high due to infrastructure & power interdependencies, particularly outage recovery time (now believed to be minimum 7 days). Priority for Resilience community, particularly due to Councils' duty of care. Planning & work ongoing.				Major Incident Procedures

🔺 🔼	**Public Health Emergency**	Chief Executive	Current Score	12	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.				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.				Pandemic Flu Plan
Note	Scottish government focussing on pandemic flu, with significant training programme planned this year through the NHS. Current resources at full capacity. Potential pandemic due based on Australian figures for 2019. Brexit could have an adverse impact in relation to NHS supplies/capacity and workforce issues.				Major Incident Procedures

🔺 ➖	**Failure to Prepare for Severe Weather Events**	Strategic Director of 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).				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.				Winter & Flood Management Plan
Note	Increased resilience - 2 community resilience groups established, multi agency winter preparedness meeting early October with relevant services and external partners.				Local Resilience Partnership
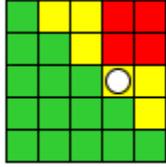
✅ R	**Industrial Unrest**	Chief Executive	Current Score	8	Existing Controls
Risk	Industrial action by Council staff, partners or suppliers arises, normally in relation to local or national budget-related changes to terms and conditions, or restructuring.				Business Continuity Plans
Potential Effect	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.				Trade Union Comms Protocol
Note	With the national pay award settled earlier in the year this risk has reduced. There is potential that unions will challenge the redesign and transformation programme but it is hoped this would be minimal given involvement of unions at initiation and business case stages. Recommended that this risk is removed from the Corporate Log and reconsidered at service level.				Local Resilience Partnership
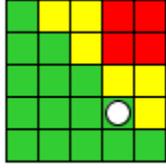
Appendix A – Corporate Risk Log   ✅ Low: 9 or less   🔺 Medium: 10 – 15   🔴 High: 16 or more   🔼 Increased   ➖ Consistent   🔽 Reduced   N ew Risk   R emove from log

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Appendix B - External Audit Actions

Audit of 2018/19 Accounts by Audit Scotland

Overall Progress | 36%

From External Audit report to Clackmannanshire Council Audit Committee on 26-Sep-19.

Housing Rents Reconciliation	Management Accountancy Team Leader	EXA 189 001
Observation	This year the council did not prepare a year-end reconciliation between the housing rents system and the financial ledger systems. Officers made a journal posting of £0.14 million to ensure the financial ledger agreed to the housing rents system. We are concerned about the absence of year-end accounting reconciliations and related follow-up.	
Risk	The purpose of regular accounting reconciliations is to identify errors or unknown items close to the time that they occur. If regular reconciliations are not performed and reconciling differences investigated there is a risk that potential frauds or errors are not identified timeously or investigated effectively.	
Recommendation	Regular reconciliations should be performed and reconciling differences investigated	

Progress	10%	Status	▶	Expected Outcome	✔	Due Date	31-Mar-2020

Accountancy has worked closely with the Revenues team to reconcile the rent system to the financial system on a monthly basis. There was no cumulative reconciliation throughout the year but differences between both systems are investigated and adjusted on a monthly basis. Mostly these differences are due to timing with corrections taking place and being reconciled in future months. Accountancy has started a cumulative reconciliation for 2019/20.

Capital Programme	Senior Manager Finance & Revenues	EXA 189 002
Observation	We recommended last year (2017/18) that the council presses on with work to improve the management of its capital programme. The council had planned to produce a capital strategy in 2018/19 setting out its priorities for the next five to ten years and to better align capital planning and spending. The council now expects to publish a capital strategy in 2019/20.	
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 implement a capital strategy which clearly sets out how it will manage and deliver its capital programme in the medium and longer term	

Progress	10%	Status	▶	Expected Outcome	✔	Due Date	31-Mar-2020

During 2019/20 the Capital operations group has been re-established, meeting every 6 weeks. The Group is attended by members of all services to encourage cross council working and provide a strategic overview of the capital outturn. The group also reviews the financial outturn position, considers new project bids and reviews completed projects. Foundation work is underway to develop a capital strategy and this will be taken forward by the group.

Budget Scrutiny	Management Accountancy Team Leader; Senior Manager Finance & Revenues	EXA 189 003
Observation	We reported last year (2017/18) that there was no final outturn report for councillors setting out details of the financial performance of the council in 2017/18. Management agreed that for 2018/19 a draft outturn report would be presented to the June 2019 audit committee. This did not happen. Officers explained that this was due to information not being available in time to meet the timetable for submitting committee papers. Officers have indicated that the outturn report will be presented to the September 2019 audit committee	
Risk	The council's finances are not adequately scrutinised and services are not held to account for their spending	
Recommendation	The council should ensure it has clear year-end budgeting review arrangements in place	

Progress	100%	Status	▶	Expected Outcome	✔	Due Date	30-Jun-2020

Due to Committee deadlines it was not possible to report the final outturn to the June Audit Committee. A high level outturn position was noted within the management commentary in the draft accounts along with draft reserves position. This has been updated to reflect the final position of the council. The final outturn paper was presented alongside the final financial accounts at the September Audit Committee, the next Audit Committee after June. Timelines will be reviewed for the 19/20 outturn to ensure timely consideration.

Fraud Arrangements		Senior Manager Legal & Governance		EXA 189 004
Observation	The council needs to update its arrangements for the prevention and detection of fraud and corruption. This includes updating relevant policies and strategies and ensuring staff are aware how to report suspected fraud. The council is developing a new fraud prevention policy.			
Risk	There is an increased risk of undetected fraud.			
Recommendation	The council should review and update its fraud arrangements and policies and ensure these are clearly communicated to staff			

Progress	0%	Status	▶	Expected Outcome	✔	Due Date	31-Mar-2020

The Annual Governance review for 2018/19 also identified that the council's current approaches for managing fraud are not consolidated. The responsibility for fraud has been allocated to the Senior Manager for Legal and Governance in the revised structure. Our Partnership and Performance Business Plan includes a commitment to updating the fraud policy and raising concerns at work policy and process to produce a comprehensive approach. Deployment of the new policies will be measured through next year's annual governance review process.

National Fraud Initiative		Internal Audit Manager		EXA 189 005
Observation	The NFI exercise has identified 782 matches, of which 160 are deemed to be high risk matches recommended for investigation. High risk matches are those most likely to indicate possible fraud or irregularity. To date the council has investigated 64 matches of varying risk levels, which is just eight per cent of all matches.			
Risk	Potential fraud or irregularity is not investigated.			
Recommendation	The council should ensure its review of high risk NFI matches is concluded as a priority and report the outcome of NFI activity to the audit committee (Audit report states Responsible Officer: Internal Audit Manager & Strategic Directors but single owner assigned above)			

Progress	65%	Status	▶	Expected Outcome	✔	Due Date	31-Dec-2019

Core NFI matches are being followed up on a prioritised basis. All 45 of the high risk Housing Benefit matches have been completed with one referred for investigation to the DWP. The Council also participates in an NFI exercise to identify wrongly claimed Council Tax Single Persons Discount. Priority has been given to this area as recovery of those applied in error provides direct income to the Council. To date 416 of the 626 matches have been investigated, identifying 64 fraud / errors totalling £80,351.

Best Value		Chief Executive		EXA 189 006
Observation	The June 2019 BVAR Progress report found that the council has laid the foundations for improvement but still has much to do to implement and embed the changes required for service and financial sustainability. At its meeting in August 2019 the council agreed an action plan to progress the recommendations contained in the BVAR Progress report.			
Risk	The council does not make the progress required to secure its financial position.			
Recommendation	The council should address the recommendations of the BVAR Progress report in its work to implement and embed the changes required for service and financial sustainability (Audit report states Responsible Officer: Strategic Leadership Team but single owner assigned above)			

Progress	33%	Status	▶	Expected Outcome	✔	Due Date	31-Mar-2020

The council has welcomed the comments reported in the follow up report recognising progress to date and is committed to taking forward the actions within the action plan, continuing to build on the progress made so far since the initial report in January 2018. Since June 2019, significant progress has been made on the development of a transformation plan, which is on track to be presented as part of the upcoming budget. Place and Partnership & Performance have completed management redesigns with work ongoing within the People portfolio. As reported by the Chief Executive in her Organisational Redesign Update, further progress is ongoing on transformational proposals in conjunction with partners.