

## MONITORING OF STRATEGIC RISK REGISTER

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### 1. SUMMARY

- 1.1 This report updates committee members on the key strategic risks facing the Council, the associated mitigating actions and changes in these risks.
- 1.2 The strategic risk register (draft) is reviewed and updated on a live basis. As the process matures review updates will include the following key issues:
- The following risks have been added to the strategic risk register (SRR).
    - None this quarter but updated as required.
  - The following risks have been deleted from the SRR (risk score now zero).
    - None this quarter but updated as required.
  - The following risks are classed remain red after mitigation.
    - Population and Economic decline
  - The following risks have a raw score which classifies them as red but mitigation reduces the assessment to amber.
    - Welfare Reform
    - Income & Funding
    - Asset Base
    - Reputation
    - Demographics
    - Health and Social Care Integration
    - Political Leadership
  - These are the risks which have moved risk category (red/amber/green) in the last quarter.
    - None this quarter but updated as required.
  - These are the risks that are at variance from the agreed risk appetite.
    - None this quarter but updated as required.

### 2. RECOMMENDATIONS

- 2.1 Members to note content of report and further note the strategic risk register will be subject to a challenge review process at a SMT development meeting.

### 3. DETAIL

#### Background

- 3.1 The Council deferred a decision on a revised strategic risk register. The current

version therefore is still in “draft” format. Dates are currently being identified for a members’ seminar to discuss risk management and the content of the strategic risk register. It is hoped that this will take place May 2014.

- 3.2 Subject to council approval, the process for reviewing the strategic risk register is outlined below:
- Designated risk owner to update in consultation with appropriate chief officers /service managers and spokespersons.
  - SMT to consider review report.
  - Strategic risk group consider the SRR at its meeting.
  - Performance Review and Scrutiny committee to consider review reports.
- 3.3 There are currently no material changes to the draft strategic risk register.
- 3.4 As the review process matures review reports will provide a summary of the main changes and trends in scoring and /or mitigation from quarter to quarter and from the start of the financial year. The reports will also identify any new or emerging risks and any risks which have been closed off or removed.
- 3.5 Strategic risks by their nature look at the longer term risks applicable to the organisation hence there is often limited movement between quarters however SRR management remains a live process.
- 3.6 There are currently 15 strategic risks identified. Appendix 1 details the draft SRR. SMT are scheduled to undertake a “do we have this right review” at a development meeting and will consider whether the risks identified are relevant and whether the scoring including mitigating actions are appropriate and reflective of the current issues facing the organisation. The review questions are detailed below.

Do we have this right?

- Is the strategic risk register reflective of the key issues facing the Council?
- Are the risks identified appropriate to the Council?
- Is the raw and residual scoring reflective of the status or profile of the risk?
- What is being done to manage the risk?
- Are the mitigating actions and control appropriate?
- Are there any gaps in control or mitigating actions which need addressed?
- Do controls or mitigating actions need escalated?
- What assurance does SMT have the risks are being actively managed?
- Should strategic risks be prioritised?

### **Risks Added To And Deleted From The SRR**

- 3.7 The table below sets out any new risks that have been added to the SRR in the last quarter. (None this quarter)

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- 3.8 The table below sets out any risks that have been removed from the SRR in the last quarter. This is because the likelihood and/or impact has now reduced or been mitigated to zero. (None this quarter)

Theme	Risk	Description	Previous Residual Score	Explanation For Removal

### Red Risks

- 3.9 It is important to consider those risks that remain red even after mitigation and management action. The table below sets out detail of all of the risks where the residual risk category is red.

Theme /Risk/Description	Raw Score	Mitigation	Residual Score
<p>Operating Market</p> <p>Population and Economic decline</p> <p>Projected population decline and potential economic decline and failure to identify factor causing the decline and then develop and action strategies to address that decline.</p>	20	<p>Single outcome agreement targets population and economic recovery. Plans to be developed to action commitments in SOA.</p> <p>Economic Development Action Plan</p>	16

- 3.10 Those risks which were initially assessed as red but where mitigation and management action has reduced the risk score to amber are also important. The table below sets out detail of all of the risks where the raw risk category is red.

Theme - Risk - Description	Raw Score	Mitigation	Residual Score
<p>Topical Welfare Reform</p> <p>Implementation of welfare reform is not managed well resulting in increased poverty and deprivation or short term crisis</p>	20	<p>Separate project established to manage welfare reform with clear plans, resources and risks identified.</p> <p>Joint working with DWP, CPP and other Agencies to plan response to potential impact.</p> <p>Discussions on-going at</p>	12

		national level re local services support framework	
Finance: Income & Funding: A major reduction in income /funding as result of a reduction in grant funding, reduced collection of council tax or fees and charges	16	Effective framework for longer term financial planning that takes account of longer term funding projections.  Monitoring of grant funding formula.  Effective management arrangements for billing and collection of council tax and fees and charges	12
Infrastructure: Asset Base: Infrastructure and asset base does not meet current and future requirements. Infrastructure and asset base is not being used or managed efficiently or effectively.	16	Corporate Plan. Capital planning process. Asset Management planning process	12
Operating Market: Demographics: The Council fails to recognise, plan and deliver services in a way that takes account of demographic trends.	16	Monitoring of population trends.  Corporate and service planning process.  Planning and performance management framework (PPMF).  Community Engagement Strategy.  Workforce planning.	12
Reputation: Reputation	16	Community Engagement Strategy.  Communications Strategy.  Action plans to improve customer services.	12
Topical: Health & Social Care Integration	16	Establish a separate project to focus on implementation and identifying and	12

		addressing the issues arising	
Topical: Political Leadership	20	New Administration is in place from late September with 27 out of 36 members. Revised political management Arrangements agreed at Council on 23 January 2014. Action plan to address issues set out in Audit Scotland statutory report approved by Council on 23 January. Ongoing programme of members seminars in place. External support from COSLA on the Improvement Service has been brought in.	12

### Risk Changes And Trends

- 3.11 It is important to draw out for consideration those risks where the residual score has changed during the quarter and these are set out below. (None this Quarter)

Theme	Risk	Description	Previous Residual Score	Revised Residual Score	Explanation Of Change

- 3.12 Appendix 2 contains a number of charts that show the trend in residual risk scoring since the review of SRR/start of the financial year. (No trend data available).

### Variation From Risk Appetite

- 3.13 The residual risk scores when the SRR was reviewed have been adopted as the risk appetite for each risk in the SRR. The table below sets out the risks which are currently assessed as being above or below the risk appetite. If a risk is assessed as being above the risk appetite the Council is exposed to more risk than originally planned. If a risk is assessed as being below the risk appetite the Council may be directing too much resource to managing the risk or the risk is reducing. (None this quarter)

Theme	Risk	Description	Risk Appetite	Current Residual Score	Variance From Risk Appetite
Risks Where Current Score Exceeds Risk Appetite					
Risks Where Current Score Is Less Than Risk Appetite					

#### **4. CONCLUSION**

- 4.1 This report sets out the purpose and process associated with strategic risk register quarterly review reports and summarises the current position.

#### **5. IMPLICATIONS**

- 5.1 Policy – None directly but the SRR should be used to assist the Council in setting and reviewing its strategic direction and performance.
- 5.2 Financial – None directly from this report but effective risk management assists with effective governance and stewardship of council resources
- 5.3 Personnel – None
- 5.4 Equal Opportunities – None
- 5.5 Legal – None.
- 5.6 Risk – The report sets out the strategic risks facing the Council and changes to these over the last quarter.
- 5.7 Customer Service – None.

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