



---

**REPORT TO: POLICY AND RESOURCES COMMITTEE ON 12 FEBRUARY 2019**

**SUBJECT: CORPORATE RISK REGISTER UPDATE**

**BY: CORPORATE DIRECTOR (CORPORATE SERVICES)**

**1. REASON FOR REPORT**

- 1.1 To provide Committee with an update relative to significant risks facing the council.
- 1.2 This report is submitted to Council in terms of Paragraph III (B) (38) of the council's Scheme of Administration relating to risk management.

**2. RECOMMENDATION**

- 2.1 **Committee is asked to consider and approve the current assessments in respect of corporate risks facing the council.**

**3. BACKGROUND**

- 3.1 A key element of good governance is the management of risk. In terms of established practice, the Corporate Management Team and Senior Management Team formally review the Corporate Risk Register and consider the principal risks facing the council at six monthly intervals.
- 3.2 In line with policy, the risk register describes the principal risks facing the council under eight generic categories. The risk register was last submitted to the full Council on 6th June 2018 (para. 7 of the minute refers). At that time a number of risks were elevated to the highest level following assessment of the circumstances then presenting. Actions being taken and then proposed to further address the risks were also recorded in the register.
- 3.3 At current date, while much work has been undertaken to manage the main risks identified, the residual risk status of most risk categories remains very high and unchanged or increasing across most of the risk categories. The reasons for this are well rehearsed and broadly summarised as follows:

**Political risks:** These remain elevated with no one party or grouping having overall political control. The establishment of the Group Leader meetings has a positive impact on this risk and progress has been made in some difficult decision making as a result of cross party co-operation. However, this is still in the early stages and so the risk has not been reduced at this time. The wider complex political environment in which the council operates is also a factor.

**Financial risks:** These are at critical level and are likely to remain so given the challenges the council faces to secure funding sufficient to balance its budget for financial year 2019/20 and in future years. While progress has been made in identifying significant savings that improve the council's financial position, there remains a substantial risk around the remaining budget gap.

**Regulatory risks:** The council must comply with a myriad of regulations and endeavour to continue to do so across all services. The statutory duties of setting a balanced budget and continuing to provide best value services means that corporately the risk of non compliance remains high.

**Reputational risks:** These are difficult to manage when the council is in a position of having to reduce or stop services that have been provided in past periods; likewise where the council finds it necessary to charge for services or increase charges for services this is likely to adversely affect the council's reputation.

**HR/Staffing risks:** Staffing risks remain high as change is effected, skills and experience are lost, business continuity has the potential to be affected and there is a negative impact on morale and motivation of remaining staff.

**Environmental risks:** These risks are likely to be increased following agreed reductions in council service relative to amenity and infrastructure including in areas such as street sweeping, maintenance of parks and open spaces, and roads and winter maintenance reductions.

**Operational Continuity and Performance risks:** The risk here is that current standards of service and performance targets will be affected as a consequence of service reductions leading to increased dissatisfaction and complaints from service users, or censure from inspectorates.

**Technological risks:** Technological risks are also linked to change albeit these arise from taking opportunities to develop digital services as a way of securing efficiencies. There is also a high level of risk mitigation relative to data management and access controls in ensuring compliance with the requirements of the General Data Protection Regulation (GDPR).

- 3.4 An additional risk impact is that of **Brexit** where considerable uncertainty remains about the likely way forward. Various information around preparedness has been made available to councils by Audit Scotland relating to staffing, funding and business continuity. The risk here is to balance the need to prepare for any eventuality yet avoid applying excessive resources to

preparing for events that may not happen. The Chief Executive is the lead officer and will prepare a separate report on this matter as required.

- 3.5 The completed risk register evidences the progress made and the risk register is now being made available for consideration by elected members. A number of the risks are rated at the highest level and are considered likely to remain so going forward, although all risks highlighted will require the ongoing attention of both elected members and management. It should be noted that the purpose of the review process is keep track of potential risk issues, and that risk mitigation measures are unlikely to have a significant impact on the risks the council faces given current circumstances.

- 3.6 A copy of the register is provided as **Appendix 1**.

#### **4. SUMMARY OF IMPLICATIONS**

**(a) Corporate Plan and 10 Year Plan ( Local Outcomes Improvement Plan (LOIP))**

These are key documents in terms of what the Council and its partners hope to deliver for Moray, however the focus of managerial resources towards addressing the council's financial position has limited time available to progress these plans.

**(b) Policy and Legal**

Effective risk management practice is an essential component of good governance, hence its adoption across the council, however the process is equally about being open and transparent about what the risk factors are and how difficult it can be to manage these down when the council is in uncharted territory.

**(c) Financial Implications**

The risk register recognises the financial challenges that are currently at the forefront of council deliberations.

**(d) Risk Implications**

Risk and its management is the subject of this report.

**(e) Staffing Implications**

The impact on staff of changes taking place and proposed is highlighted as a generic risk issue the council must manage.

**(f) Property**

No direct implications.

**(g) Equalities/ Socio Economic Impact**

No direct implications.

**(h) Consultations**

The Corporate Management Team and Senior Management Team have contributed to this latest version of Corporate Risk Register.

**5. CONCLUSION**

**5.1 Following its review and updating by the Corporate and Senior Management Teams, the Committee is asked to consider and approve the latest Corporate Risk Register dated January 2019.**

Author of Report:	Atholl Scott, Internal Audit Manager
Background Papers:	Risk Strategy
Ref:	AS/p&r/120219