REPORT TO: **Grampian Valuation Joint Board on 24 August 2018**

SUBJECT: **Risk Management**

BY: **The Assessor & ERO**

1. Reason for Report

1.1 To advise the Board on the current risk management position.

2. Recommendation

2.1 **The Board note the current version of the risk register and the plans for future reviews.**

3. Background

3.1 The Board's Code of Corporate Governance requires the identification and prioritisation of risks to the Organisation's aims and objectives; the evaluation of the risks being realised and the resultant impact and finally the management of risks.

3.2 The Risk Register is subject to ongoing review with reports submitted to the Board on an annual basis.

3.3 Apart from ongoing reviews by individual risk owners, the Management Team, that meets on regularly, has risk management as a standing item on its agenda.

4.0 Current Position

4.1 The strategic risk register that is provided as an appendix to this report was reviewed by the Management Team on 3 April 2018.

4.2 A summary of the risk status is provided in the table below.

Risk Rating	2013	2014	2015	2016	2017	2018
High	3	2	2	3	3	4
Moderate	3	4	4	3	3	3
Low	1	2	2	3	4	4
Tolerable	14	14	14	12	12	12
Obsolete	8	8	8	9	9	9
Total number of live risks	**21**	**22**	**22**	**21**	**22**	**23**

4.3 The total of 9 obsolete risks remains unchanged from the position reported to the Board in June 2017. The Management Team has identified one new risk concerning environmental controls in the computer server room in Banff. The total number of live risks has therefore increased to 23. However, 12 of the live risks have sufficient controls to render them 'tolerable' in terms of the risk management strategy.

4.3 <u>"High" level risks</u>

4.3.1 Risks 5e and 5f (strategic shift in taxation ethos and inadequate funding) remain high. These relate to taxation policy and funding. Taxation policy has moved significantly in the last 12 months with the NDR reforms announced by the Scottish Government. The move to triennial revaluations that has been welcomed by professionals and the wider business community will have resource implications and in this regard Assessors have engaged with CoSLA and the Scottish Government in order to ensure that policymakers understand the resource aspects of NDR reform.

4.3.2 The risk of inadequate funding remains across all public sector services. The Board's Assessor and ERO is required to fulfil a range of statutory duties and obligations that dictate activities and therefore resource requirements. Whilst active management and cost control measures minimise demands on resources, failure to meet statutory obligations would impact negatively on revenues raised through local taxation and citizen access to elections. The valuation authority's power to requisition funds is therefore an important control element identified in the risk register.

4.3.3 Risk 6c (over-reliance on a small number of IT personnel) is difficult to mitigate to a degree that reduces the net risk to a moderate or low risk rating simply due to the size and resources of the organisation however the move towards externally supplied software solutions seeks to provide a degree of mitigation. The current move of the in-house electoral registration system to an external software supplier illustrates the steps that the service is currently taking to reduce risk.

4.3.4 The new risk added to the register (1g) relates to server room accommodation that requires improved environmental controls. Mechanical ventilation has been installed and monitoring is currently underway to establish whether mitigation of the risk meets requirements.

4.4 <u>"Moderate" level risks</u>

4.4.1 The number of risks with a 'moderate' overall rating has remained unchanged over the last 12 months.

4.4.2 Risk 5h and 5i (business continuity planning and the introduction of IER). The previously reported business continuity control measures that help reduce the risk to Moderate include full Public Service Network accredited IT health checks.

4.43 IER continues to challenge the service in terms of process and resources. The widening of the anonymous registration criteria and move to allow wider use of email are both welcome developments and further reforms are anticipated. As such this risk has been assessed to still be 'moderate'.

4.4.4 Risk 6a (recruitment and training) in common with many areas of professional practice in the NE Scotland public sector, this risk continues to challenge the management team.

4.5   "Low" level risks

4.5.1   There is little change to the low level risks in the last 12 month period with the exception of Risk 4a (impact of changes in data protection rules). Since the April review of the risk register a DPO has been appointed and work has progressed on privacy notices and data agreements.

5.0   Conclusion

5.1   The identification, evaluation and control of risk are continuous processes and remain live issues for the Management Team and the organisation as a whole. The risk register provides a useful risk evaluation tool, not only for the management and staff of the organisation, but also for Board members and officials, internal and external audit and the wider stakeholder community.

Author of Report: Ian H Milton