



# **MORAY COUNCIL CORPORATE RISK REGISTER**

**AS AT JANUARY 2019**



## SUMMARY OF PRINCIPAL RISKS

1. Political: Political priorities are not achieved; decision making processes are ineffective; partnership working is not optimised.
2. Financial: There is a risk of financial failure with demand outstripping available budget. Savings require to be made.
3. HR (Staffing): Inability to recruit and retain well qualified or experienced staff, staff unprepared for change, lack of staff engagement, inadequate health and safety arrangements.
4. Regulatory: Expected governance standards are unmet. Statutory or regulatory breaches occur. Council is subject to censure.
5. Environmental: Impact of climate change and severe weather events; ability to deal with unforeseen emergencies is compromised by inadequate emergency planning and resilience.
- 6 Reputational: Council decisions result in litigation/judicial review; expectations from external inspections are not met; customer pledge standards are not achieved.
7. Operational Continuity and Performance: Council unable to deliver services or performance falls below acceptable level for sustained period; ineffective business continuity planning; changes in working practices impact on service delivery.
8. IT (Technological): Major disruption in continuity of ICT operations; data security is compromised.

## RISK CLASSIFICATION

<b>RISK RATING</b>	<b>LOW</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>VERY HIGH</b>
<b>RISK MOVEMENT</b>	<b>DECREASE</b>	<b>NO CHANGE</b>	<b>INCREASE</b>	

The process for managing risk is documented separately in the council's risk policy, strategy and guidance notes. The risk rating is calculated by reference to assessed likelihood and impact (on a scale of 1 to 5) for each identified risk. The minimum score (lowest risk) being 1x1=1, the maximum (highest risk) 5x5 =25. Scores of 3 and below are ranked low, green; between 4 and 6 medium, yellow; between 8 and 12 high, amber; and 15 and above very high, red, as per the table below.

### LIKELIHOOD

<b>Almost certain</b>	<b>5</b>	5	10	15	20	25
<b>Likely</b>	<b>4</b>	4	8	12	16	20
<b>Possible</b>	<b>3</b>	3	6	9	12	15
<b>Unlikely</b>	<b>2</b>	2	4	6	8	10
<b>Remote</b>	<b>1</b>	1	2	3	4	5
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
		<b>Minimal</b>	<b>Minor</b>	<b>Moderate</b>	<b>Major</b>	<b>Catastrophic</b>

### IMPACT

1.	
<p><b>Description of Risk:</b> <i>Political:</i> Political priorities are not achieved; decision making processes are ineffective; partnership working is not optimised. Addressing this risk is central to the future provision of public services in Moray. As of January 2019 it is expected that wider external political influences will shape the future direction of the council in terms of its ability deliver services either on its own or in partnership with others. A particular feature around this will be the level of grant funding afforded to the council by Scottish Government which is likely to remain uncertain until the Government itself determines its budget for the incoming year. This brings uncertainty for the council increasing the risk that future service provision is determined in an arbitrary way. Moray Council's need to secure savings is similar to that of most other local authorities in Scotland. The need to support an IJB Recovery plan may also have an impact.</p>	
<p><b>Lead:</b> Council Administration / Chief Executive / Corporate Management Team</p>	
<p><b>Risk Rating:</b> low/medium/high/very high</p> <p><b>VERY HIGH</b> Likelihood 5 x Impact 5 = Score 25</p>	<p><b>Rationale for Risk Rating:</b> The likelihood is assessed at the highest level with it being almost inevitable that the council will have to reconsider its political priorities within a reduced funding settlement. This will have consequential impacts involving service reduction and redesign. The focus on corporate and community plans holistically has slowed as the council endeavours to manage short term issues that have required attention on a daily basis. Plans to transform services in a manner which is sustainable and acceptable to the various political interests both internal and external to the council are expected to take longer and may be more difficult to achieve</p>
<p><b>Risk Movement:</b> increase/decrease/no change</p> <p><b>NO CHANGE</b></p>	<p><b>Risk Appetite:</b> There remains an appetite for the council to be successful in delivering best value services for its citizens against a challenging background of increasing demand and diminishing resources and a need to identify service priorities. However, steps taken to mitigate this risk through engagement with Scottish Government and other stakeholders have not yet resulted in any mitigation of the risk of political instability in the period ahead.</p>
<p><b>Controls:</b> Ten year strategic plan Moray 2027 (the Local Outcomes Improvement Plan) approved to be delivered jointly by the council and its community planning partners. First iteration of Council Corporate Plan for 2018-23 prepared Plans emphasise prevention and resilience to reduce partner</p>	<p><b>Current and Proposed Mitigating Actions:</b> Council Corporate Plan for 2019-2023 to be further developed to reflect changes in capacity of the council to deliver the same range of services and to the same quality Corporate Management Team/Senior Management Team will continue to provide support and advice to elected members on</p>



<p>interventions and aid securing of sustainable outcomes.</p> <p>. Suite of Governance Documents in place and regularly updated. Elected members fully briefed and aware of political uncertainties Engagement at councillor and officer level with government, COSLA and audit bodies re political challenges facing the council Moray Economic Strategy 2019-2029 published setting out ambitions for the wider Moray community and business Establishment of political group leaders' regular meetings to discuss areas of risk and determine areas of consensus and disagreement, principally on budget issues.</p>	<p>sustainability of any proposals for change. Monitoring officer to continue statutory role of ensuring legality of decision making processes.</p> <p>Consider the impact of the wider influences affecting the council in the development of the annual governance statement for publication with the council's annual accounts for 2018/19.</p>
<p><b>Current performance:</b> A sound framework for political governance is long established and supports the Council's administration in the development and implementation of its stated priorities. However circumstances presenting makes it more challenging to meet expected governance standards.</p>	<p><b>Comments:</b> Political risks can be mitigated to some extent by structures and processes that regulate the workings of the council but are likely to remain high in the current economic climate and while uncertainty remains .</p>

2.	
<p><b>Description of Risk:</b> <i>Financial:</i> There is a risk of financial failure with demand outstripping available budget. Savings require to be made. This risk is being actively managed given that available funding for future years will not be sufficient to allow services to continue to be delivered as at present. This has the potential to impact on all sectors of the community. The council will be in breach of its statutory obligations if steps are not taken to ensure service delivery is aligned with available funding. Uncertainty makes planning more difficult. There is also an impact on services the council delivers jointly with partners as described in the ten year plan.</p>	
<p><b>Lead:</b> Corporate Management Team/ Senior Management Team/ Head of Financial Services (Section 95 Officer)</p>	
<p><b>Risk Rating:</b> low/medium/high/very high</p>	<p><b>Rationale for Risk Rating:</b> Continuing budget pressures affecting the council and the wider public sector. Financial plan recognises the need for budget savings. Short term planning is progressing and significant savings have been agreed by the council in advance of the date when the budget must be set. However, considerable work is still needed to secure a balanced budget for 2019/20 and beyond. Council financial reserves are close to minimum 'safe' levels</p>
<p><b>VERY HIGH</b> Likelihood 5 x Impact 5 = score 25</p>	
<p><b>Risk Movement:</b> increase/decrease/no change</p>	<p><b>Rationale for Risk Appetite:</b> The council has no risk appetite for financial failure given its statutory requirement to manage its resources in a responsible and prudent manner. However it also recognises the significant range of statutory services it is required to meet within a finite budget.</p>
<p><b>NO CHANGE</b></p>	
<p><b>Controls:</b> Financial plan in place and updated annually. Financial pressures identified. Short term percentage cuts being considered across services to bridge 2019/20 gap. Financial planning strategy presented to all councillors. Regular budget monitoring reports maintained Financial regulations in place and recently updated regularly reviewed. Asset Management Plan established Procurement Policies and Practice Energy Monitoring. Internal and External Auditing</p>	<p><b>Current and Proposed Mitigating Actions:</b> Work to develop short, medium and long term financial plans continue through the Corporate Plan Steering Group. Lobbying Scottish Government and COSLA regarding funding allocations Work of the 'Transforming the Council' and Programme Boards including the work of external consultants and the Improvement Service to inform further change. Managing implications of Brexit remains under development. Asset base requires sustainable rationalisation. Pursuing Moray Growth Deal type inward investment continues More Community Engagement/Public Consultations. Potential for shared services.</p>



	Potential for discontinuing services.
<b>Current performance:</b> The financial situation is now critical with the council running out of time to secure a balanced budget for the incoming financial year and limited reserves available to draw upon.	<b>Comments:</b> Financial risk is likely to remain very high for the foreseeable notwithstanding controls in place and planned mitigating actions.

3.	
<p><b>Description of Risk:</b> <i>Human Resources (People):</i> Inability to recruit and retain well qualified or experienced staff, staff unprepared for change, lack of staff engagement, inadequate health and safety arrangements. With staff the council's most important resource, there is a need to ensure employees are equipped to embrace change and deliver services in different and innovative ways that as far as possible are sustainable at a time when resources are reducing. There is a particular impact on schools arising from the teacher shortage and difficulty recruiting head teachers. This is having an effect on attainment and inspection outcomes and is likely to be an ongoing impact. Planned staffing reductions in other services will also have a direct impact, both on staff directly affected and on workloads of staff in teams where staff numbers are reduced. Consequential pressures will apply in HR.</p>	
<p><b>Lead:</b> Corporate Director (Corporate Services)</p>	
<p><b>Risk Rating:</b> low/medium/high/very high</p>	<p><b>Rationale for Risk Rating:</b>            Difficult to recruit in certain areas including teachers, home carers; vehicle technicians, specialist professional posts.            Staff turnover leads to loss of expertise and 'corporate memory'.            Inability to meet service demands and secure continuous improvement            Staff morale and productivity is adversely affected</p>
<p><b>VERY HIGH</b>  <b>Likelihood 5 x Impact 4 = Score 20</b></p>	
<p><b>Risk Movement:</b> increase/decrease/no change</p>	<p><b>Rationale for Risk Appetite:</b>            A skilled and motivated workforce is essential for the delivery of council services which meet the needs of local citizens generally and can support the most vulnerable in our communities. The council views staff as 'its most important resource' which remains the case notwithstanding the necessity to reduce the establishment in a number of areas.</p>
<p><b>RISK INCREASED</b></p>	
<p><b>Controls:</b>            Corporate Workforce Plan, (reviewed and updated annually) in place            Leadership Development Programme established            Moray Management Methods promote consistency            Employee Review and Development Programmes in place for teaching and non - teaching staff            Reduced scope of HR activity reported to Policy and Resources Committee            Employee Communications &amp; Engagement Framework (including Interchange)</p>	<p><b>Current and Proposed Mitigating Actions:</b>            Review of management capacity to ensure it is sufficient to deliver the transformational change programme required to secure financial stability in addition to 'business as usual'.            Annual Review of Workforce Plan.            Activity to address specific recruitment and retention issues.            Managing vacancies with regard to available skills            Continue to develop modular training opportunities for staff            Ongoing promotion of health and safety risk assessments and of zero tolerance approach to safety breaches.</p>





<p>Workforce Culture Group Health and Work Policy Health and Safety Policies and Annual Report. Absence Management Policy</p>	<p>Development of Safety Management Systems. Review of school estate – fewer schools would enable improved deployment of teaching resources</p>
<p><b>Current performance:</b> The promotion of key staffing policies as described above has strengthened staff engagement and support in recent years; however, inconsistent application across services may be diluting overall impact.</p>	<p><b>Comments:</b> This risk is being actively managed but may be impacted upon further should staffing arrangements or levels be subject to change in the incoming period.</p>

4.	
<p><b>Description of Risk:</b> <i>Regulatory:</i> Expected governance standards are unmet. Council is subject to censure. The council is heavily regulated by statute, by national guidance and through local policy and procedures and, within its systems, has established checks and balances to support delivery of intended outcomes. Nevertheless in the current climate there is a risk that senior staff are diverted from their day to day responsibilities increasing the possibility that regulatory requirements are unmet, with attendant legal and financial implications and increasing the possibility that the council is unable to sustain delivery of best value services.</p>	
<p><b>Lead:</b> Corporate Management Team/ Head of Financial Services/ Heads of Service</p>	
<p><b>Risk Rating:</b> low/medium/high/very high</p>	<p><b>Rationale for Risk Rating:</b> Governance arrangements have been developed over many years. Systems and processes are subject to on-going review and development within services Corporate support and review in relation to performance, audit, and inspection. Change increases the risk of system breakdown and non-compliance with regulatory requirements</p>
<p><b>VERY HIGH</b> Likelihood 4 x Impact 4 = Score 16</p>	
<p><b>Risk Movement:</b> increase/decrease/no change</p>	<p><b>Rationale for Risk Appetite:</b> The council takes seriously its responsibility for effective management of resources and delivery of services. A robust approach is taken to securing governance arrangements which include suitable controls to mitigate the risk of regulatory failure.</p>
<p><b>RISK INCREASED</b></p>	
<p><b>Controls:</b> Governance statement prepared annually in line with best practice guidance. Monitoring officer oversees governance processes. Constitutional documents available to direct good governance. Performance monitoring. External scrutiny and inspection programme Internal and external audit arrangements</p>	<p><b>Current and Proposed Mitigating Actions:</b> Governance oversight by Corporate Management Team, Monitoring Officer and audit bodies, in accordance with agreed plans where applicable. Develop remit of scrutiny function to be fulfilled by the Audit and Scrutiny Committee Pro-active management response to issues raised in inspection reports. Consider governance implications of proposed changes to service delivery arrangements e.g. use of Arm's Length External Organisations. Continued active participation in delivery of joint services with statutory and other partners as appropriate.</p>
<p><b>Current performance:</b> The council considers its current governance</p>	<p><b>Comments:</b> The public sector is highly regulated with legislation and</p>

<p>arrangements to be fit for purpose however ownership of these arrangements specifically around the development of the annual governance statement needs to be strengthened.</p>	<p>best practice guidance adopted both corporately and within services to ensure openness and accountability for the use of public funds. Established practices are likely to be challenged by change and by expectations of service users increasing the risk rating to Very High.</p>
<p><b>5.</b></p>	
<p><b>Description of Risk:</b> <i>Environmental:</i> Impact of climate change and severe weather events; ability to deal with unforeseen emergencies is compromised by inadequate emergency planning and resilience. The council has invested heavily in the delivery of a number of flood alleviation schemes in recent years. These are designed to mitigate the most significant risks under this category of risk and work continues to address climate change issues, to manage energy use and ensure the council is well placed to respond to crisis situations in conjunction with the emergency services and other partners. A reducing workforce in Direct Services will impact on the council's ability to respond to emergency situations in future.</p>	
<p><b>Lead:</b> Corporate Management Team/ Corporate Director (Economic Development, Planning and Infrastructure)</p>	
<p><b>Risk Rating:</b> low/medium/high/very high</p>	<p><b>Rationale for Risk Rating:</b> Local flood risk management plans approved for Findhorn, Nairn, and Speyside and North East Areas. Moray Development Plan considers climate change issues.</p>
<p style="text-align: center;"><b>HIGH</b> <b>Likelihood 3 x Impact 3 = Score 9</b></p>	
<p><b>Risk Movement:</b> increase/decrease/no change</p>	<p><b>Rationale for Risk Appetite:</b> Proportionality is key to the risk appetite such that the development and application of preventative measures mitigates risks to pre-determined and agreed levels. recognising that it is neither feasible nor affordable to wholly eliminate every environmental risk that may be faced.</p>
<p style="text-align: center;"><b>RISK INCREASED</b></p>	
<p><b>Controls:</b> Local flood risk management plans prepared and approved. Non statutory flood schemes being progressed Council part of North of Scotland Regional Resilience Partnership and Grampian Partnership. Emergency planners based in Moray Emergency response co-ordinators and support staff identified and trained. Contest – counter terrorism strategy - promoted with staff</p>	<p><b>Current and Proposed Mitigating Actions:</b> Update flood risk register as works progress Provide update reports to Council committees on progress Continued liaison with other agencies Continue programme of exercises to test resilience / adequacy of responses to incidents</p>

<p>Council coordination centre established and operational; crisis communications secured Rest centre managers recruited, trained and procedures in place Plans for specific emergencies in place e.g. flooding, oil pollution etc.</p>	
<p><b>Current performance:</b> Existing controls and mitigating actions seek to maintain and enhance Moray's reputation as a thriving area and a great place to live.</p>	<p><b>Comments:</b> The council recognises its role in promoting policies and applying regulations which contribute to a sustainable environment.</p>
<p><b>6.</b></p>	
<p><b>Description of Risk:</b> <i>Reputational:</i> council decisions result in litigation/judicial review; expectations from external inspections are not met; customer pledge standards are not achieved. The council provides services to all sectors of the community and while committed to high service standards, the diversity of service provision and the expectations of the public may increase the risk that the council's reputation could be called into question. This risk generally is considered to be managed through performance management, organisational development, the application of codes of conduct, complaints procedures and similar, however any reduction in services to any individual or group of individuals may justly or otherwise impact on the Council's reputation. The need for significant change in meeting the expectations from external inspections of progress towards improving outcomes for children and young people and the impact of this on the council's financial situation.</p>	
<p><b>Lead:</b> Corporate Management Team/ Heads of Service/Head of Financial Services</p>	
<p><b>Risk Rating:</b> low/medium/high/very high</p>	<p><b>Rationale for Risk Rating:</b></p>
<p><b>VERY HIGH</b> <b>Likelihood 5 x Impact 3 = Score 15</b></p>	<p>The risk rating has regard to established systems, procedures and controls designed to prevent adverse reputational damage, recognising that at a time of service reduction and curtailment with limited consultation there is a higher possibility of increased criticism of council services, and the council will be subject to increased scrutiny and inspection during the year across a number of service areas.</p>
<p><b>Risk Movement:</b> increase/decrease/no change</p>	<p><b>Rationale for Risk Appetite:</b></p>
<p><b>NO CHANGE</b></p>	<p>The council is committed to continuous improvement in the delivery of services either on its own or with partners. It seeks to deliver these services to agreed performance standards having regard to its equality duty and has set targets for doing so through a customer charter. However it is accepted that increased reputational damage is a potential consequence of service reduction or cessation.</p>
<p><b>Controls:</b> A suite of policy, strategy governance organisational development,</p>	<p><b>Current and Proposed Mitigating Actions:</b> Ongoing review, redesign and implementation of policy, strategy</p>

<p>project management and performance management measures in place to enable delivery of the services to a standard which mitigates the risk of significant damage to the council's reputation.</p> <p>Consultation protocols established and range of consultation and engagement with public and workforce carried out over period of time</p> <p>Customer charter in place and customer focus strategy developed to improve citizen engagements and provide a consistent experience across services</p> <p>Formal complaints procedures in place</p> <p>Performance management reporting framework in use</p> <p>Corporate Management Team monitors external inspection processes and outcomes.</p> <p>Freedom of Information processes</p>	<p>governance, organisational development, project management and performance management.</p> <p>Develop support for improvement across the three key themes of</p> <ul style="list-style-type: none"> <li>• Resources;</li> <li>• Finances; and</li> <li>• Attainment.</li> </ul> <p>Regular meetings with officers and inspection agencies to support and challenge progress towards improvement.</p> <p>Risks to be fully considered in committee reports requiring a decision.</p> <p>Effectiveness of customer focus strategy to be monitored</p> <p>Means of communicating changes impacting service users to be closely monitored</p>
<p><b>Current performance:</b> Systems and processes in place are designed to enable delivery of services to a standard which mitigates the risk of significant damage to the council's reputation.</p>	<p><b>Comments:</b> A range of measures are in place to regulate how the council interacts with citizens and to address any issues where recipients of services are dissatisfied with outcomes.</p>

7.	
<p><b>Description of Risk:</b> <i>Operational Continuity and Performance:</i> The council is unable to deliver services or performance falls below acceptable levels for a sustained period; ineffective business continuity planning; changes in working practices impact on service delivery. Vulnerable service users are dependent on the timely delivery of many council services and the risk of being unable to do so must be managed. Equally it is recognised that operational continuity and performance may be affected as a consequence of agreed reductions in service delivery and there is a need to carefully align resources available to service delivery standards in areas where services are being reduced.</p>	
<p><b>Lead:</b> Corporate Management Team/ Heads of Service</p>	
<p><b>Risk Rating:</b> low/medium/high/very high</p>	<p><b>Rationale for Risk Rating:</b> There are two strands to this risk, firstly the need to ensure that business continuity arrangements remain fit for purpose for critical services areas and secondly to ensure that operational continuity and performance standards are reviewed and refined where necessary to reflect changes in service delivery levels.</p>
<p><b>VERY HIGH</b> Likelihood 4 x Impact 4 =16</p>	
<p><b>Risk Movement:</b> increase/decrease/no change</p>	<p><b>Rationale for Risk Appetite:</b> The risk appetite reflects a requirement to sustain delivery of statutory services and ensure the needs of the vulnerable service users are met, recognising that reducing or restricting discretionary services is likely to affect some sectors of the community and have a 'knock-on' effect on operational continuity and performance.</p>
<p><b>INCREASED</b></p>	
<p><b>Controls:</b> List of critical functions agreed by Corporate Management Team Business continuity management policy Business continuity plans in place for key services. Organisational Development Team promoting workforce and leadership development Performance Management Framework Communication strategy for informing service users of impending changes to services developed.</p>	<p><b>Current and Proposed Mitigating Actions:</b> Update service risk registers and link to business continuity plans. Business continuity guidance to be refreshed business continuity plans to be reviewed taking into account staff changes and service reconfigurations Ensure clear links between identified risks and service plans are maintained. Review Performance Management Framework to ensure it aligns appropriately to revisions to service provision.</p>
<p><b>Current performance:</b> A range of measures is in place to secure operational continuity and performance for current service provision, with it being recognised that these measures may need to be revisited as a consequence of change.</p>	<p><b>Comments:</b> Developments under this risk category are predicated on change with risks around operational continuity and performance dependent on the nature and scale of services delivered in future periods.</p>

8.	
<p><b>Description of Risk:</b> <i>IT (Technological)</i> Major disruption in continuity of ICT operations; data security is compromised. The threat of cyber-attacks on ICT systems is ever present, and the council has a range of measures in place to limit the risks of data being corrupted or accessed for unauthorised purposes. The risk cannot be eliminated with attacks being nuanced over time and requiring the council to constantly be alert to new threats. Fictitious emails purporting to be genuine are also a risk where attachments containing viruses may be opened unwittingly.</p>	
<p><b>Lead:</b> Corporate Management Team/ Acting Corporate Director (Corporate Services)/ Acting Joint Head of HR and ICT Services</p>	
<p><b>Risk Rating:</b> low/medium/high/very high</p>	<p><b>Rationale for Risk Rating:</b> While there is presently a high profile relative to cyber security, the ICT service has a suite of controls in place to mitigate known risks and monitors the likely impact of new threats, as such the risk remains at the lower end of a 'high' rating.</p>
<p><b>HIGH</b> Likelihood 3x Impact 3 = 9</p>	
<p><b>Risk Movement:</b> increase/decrease/no change</p>	<p><b>Rationale for Risk Appetite:</b> Service interruption or data loss has a significant impact on service delivery and penalties for data protection breaches can run to hundreds of thousands of pounds. The security and continuity of ICT services is therefore of vital importance and this is reflected in the range of controls in place</p>
<p><b>NO CHANGE</b></p>	
<p><b>Controls:</b> Corporate Information Security Policy. Disaster Recovery Plans. Senior Information Risk Officer. Annual Public Service Network Accreditation secured Information Assurance Group Data control enhanced through network controls Main financial system supported in-house Records Management Policy Data breach reporting arrangements</p>	<p><b>Current and Proposed Mitigating Actions:</b> Implement recommendations from Records Management audit Assess control as part of plans for developing digital services ICT Action Plan Information assurance group meetings continue Participation in the Scottish Government Cyber Resilience Programme</p>
<p><b>Current performance:</b> The risks associated with the delivery of IT are constantly evolving, and the controls outlined above together with on-going vigilance to address emerging threats supports performance in this area.</p>	<p><b>Comments:</b> The suite of controls in place reflects the council's commitment to securing data held and used in the effective delivery of modern council services.</p>