

RISK REGISTER UPDATE - Report by Chief Executive

Summary

This report provides an update on High Life Highland's Risk Register.

It is recommended that Directors review and approve the Risk Register at **Appendix A**.

1. Business Plan Contribution

1.1 This report supports all the Business Outcomes from the High Life Highland (HLH) Business Plan:

1. **To advance sustainable growth and financial sustainability**
2. **Deliver the Service Delivery Contract with THC**
3. **Improving staff satisfaction**
4. **Improving customer satisfaction**
5. **A positive company image**
6. **Services designed around customers and through market opportunities**
7. **Sustain a good health and safety performance**
8. **A trusted partner**

2. Background

2.1 The Company Financial Standing orders require that the Risk Register is reviewed and approved annually by the HLH Board. The last such review was on 22 August 2017.

2.2 In addition, the Finance and Audit Committee reviews the Risk Register on a quarterly basis, most recently at its August 2018 meeting.

2.3 The Risk Register is also regularly reviewed by the Senior Management Team (SMT) and by the Quarterly Management Team (QMT) which includes area based staff. Further, members of that team have been instructed to discuss risk at team meetings and to ensure that the Risk Register reflects these discussions either by contacting the Head of Performance or by raising matters at the regular risk reviews.

3. The Risk Register

3.1 The Risk Register is included at **Appendix A** and the risk profile at **Appendix B** and the Board is asked to identify any risks that are not included in the register and score these and approve the register as part of the annual review.

4. Risk Management Plans

- 4.1 Risks scored as being “above the line” require risk management plans. Two risks have been identified that fall into this category - HLH05 and HLH19 and the management plans for these are included in **Appendix C**.

5. Risk Implications

- 5.1 Resource Implications – there are no new resource implications arising from the content of this report
- 5.2 Legal Implications – there are no new legal implications arising from the content of this report.
- 5.3 Risk Implications - there are no new risks resulting from the recommendations of this report.

Recommendation

It is recommended that Directors review and approve the Risk Register at **Appendix A**.

Designation: Chief Executive

Date: 15 August 2018

Appendix A

Risk No	Risk Description / Short Name	Vulnerability	Trigger	Consequences	Likelihood	Impact	Risk Matrix (DO NOT POPULATE)	Progress / Status R / A / G	Owner	Lead officer	Date added
HLH03	Estate condition/building failure	Failure of a building/s	Long term poor PR- damage to reputation	Local reputation damage	C - Significant	III - Marginal			Board/SMT	DW	Dec-11
HLH04	System failures, such as IT	Failure of a major system. Move to new IT infrastructure could lead to failure/ interruption caused by split in contract	Inability to deliver contract	Reputational damage	E - Very Low	II - Critical			SMT	JWM	Dec-11
HLH05	Over reaching/over commitment	Failure of significant projects and pressure on central services	Long term poor PR - damage to reputation	Staff Stress, missed deadlines	C - Significant	II - Critical			Board/SMT	IM	Dec-11
HLH06	Changes to the political landscape	Lack of understanding/ agreement on respective roles	Missed opportunities to work in partnership	Missed opportunity for service development	C - Significant	III - Marginal			Board	IM	Dec-11
HLH07	Poor or ineffective working relationship between the Council and the HLH Board	Lack of partnership approach	Missed opportunities to work in partnership	Missed opportunity for service development	D - Low	II - Critical			Board	IM	Dec-11
HLH08	Poor working relationship between HLH SMT and Council Service staff	Lack of partnership approach	Missed opportunities to work in partnership	Missed opportunity for service development	C - Significant	III - Marginal			SMT	IM	Dec-11
HLH09	Poor or ineffective working relationship between the HLH Board and SMT	Lack of understanding/ agreement on respective roles	Inappropriate allocation of responsibilities	Ineffective strategic management of HLH	E - Very Low	II - Critical			Board/SMT	IM	Dec-11

Risk No	Risk Description / Short Name	Vulnerability	Trigger	Consequences	Likelihood	Impact	Risk Matrix (DO NOT POPULATE)	Progress / Status R / A / G	Owner	Lead officer	Date added
HLH10	Ineffective governance of HLH by the Board	Failure to establish effective code of corporate governance	Failure to control expenditure and to achieve income targets	Financial insolvency and delivery of CLL services reverts to the Council	F - Almost Impossible	II - Critical			Board	IM/SF	Dec-11
HLH14	Future changes to the legislation that removes the benefit of the NNDR saving attributable to the Council	No control over political direction that could influence decision	Change to legislation	Cuts to front line CLL services	D - Low	II - Critical			SMT	IM	Dec-11
HLH15	Major health and safety breach	Failure of health and safety systems	Major health and safety incident dealt with inappropriately	Reputational damage	E - Very Low	II - Critical			SMT	DW	Dec-11
HLH17	Poor project planning and management (see project register)	Failure of significant projects	Missed opportunities to work in partnership	Minor financial impact	D - Low	III - Marginal			SMT	DW	Dec-11
HLH18	Breakdown in management/staff relations	Industrial action	Inability to deliver contract	Delivery of CLL services reverts to the Council	E - Very Low	II - Critical			SMT	IM	Dec-11
HLH19	Non achievement of income and expenditure targets and failure to control expenditure to achieve revised targets leading to inability to deliver service contract. Aggressive targets for current financial year.	Failure to control expenditure and to achieve income targets	Inability to deliver contract	Service Delivery Contract	C - Significant	II - Critical			Board	IM	Dec-11
HLH20	Pension deficit continues to grow	Pension scheme fails to recover its financial position	Regular pension review	Financial viability of company affected	E - Very Low	I - Catastrophic			SMT	IM	Dec-11

Risk No	Risk Description / Short Name	Vulnerability	Trigger	Consequences	Likelihood	Impact	Risk Matrix (DO NOT POPULATE)	Progress / Status R / A / G	Owner	Lead officer	Date added
HLH22	Insufficient succession planning	Inability to appoint any gaps in the management team	Critical vacancy infilled	Temporary loss of efficiency	D - Low	II - Critical			SMT	IM	Dec-11
HLH25	Failure to implement the Data Protection Policy results in action by the Data Protection Commissioner	Lack of control of data management	Changes resulting from introduction of General Data Protection Regulation (GDPR) from May 2018.	Prosecution, fine, damage to reputation	D - Low	II - Critical			SMT	JWM	Dec-12
HLH28	THC savings consultation process leaves HLH vulnerable to criticism	Reputation of HLH is affected	Press and public criticism of HLH with reputational damage	Reputational damage	D - Low	II - Critical			Board/SMT	IM	Apr-13
HLH29	THC ICT Transformation Project (2017-2018)	Reputational damage as HLH unable to deliver service ambitions	THC unable/unwilling to deliver HLH ICT requirements	HLH limited to THC ICT systems, contracts and associated costs	D - Low	III - Marginal			SMT	JWM	Mar-14
HLH30	Specific Council decisions impact increasingly on HLH	Restricts flexibility in HLH decisions	Not being consulted on decisions e.g. service points/capital	Missed opportunity for prioritisation	C - Significant	III - Marginal			SMT	IM	Mar-14
HLH31	Significant changes in Council senior management	Profile of HLH not understood	New appointments by THC have no awareness of HLH	Impact on strategy and day to day operation and savings proposals leading to relationship breakdown	C - Significant	III - Marginal			SMT	IM	Mar-14
HLH34	Misuse of social media	Reputational damage to HLH	Public criticism	Reputational damage	E - Very Low	II - Critical			SMT	JWM	Oct-14

Risk No	Risk Description / Short Name	Vulnerability	Trigger	Consequences	Likelihood	Impact	Risk Matrix (DO NOT POPULATE)	Progress / Status R / A / G	Owner	Lead officer	Date added
HLH36	Ensuring updates from THC on any Health and Safety notifications are received that impact on the Property Agreement	Reputational damage and loss of service	Public criticism	Reputational damage	E - Very Low	III - Marginal			SMT	DW	Mar-15
HLH39	Change to formula for Service Delivery Fee from THC	Unknown pressures	Unknown pressures materialising	Further savings/discussions with THC required	D - Low	II - Critical			Board	IM	Jan-16
HLH42	Effects of Brexit as yet unknown, low risk at present	Uncertainty in financial markets leads to reduced public finances. Unknown at present - watching brief	UK, then Scottish Government Budget reviews 2017/18 and 2018/19	Larger savings target than otherwise predicted	D - Low	II - Critical			SMT	IM	Jul-16
HLH43	Lost income through capital projects	Income lost through closures for renovations of property not reimbursed by THC	Previous practice of reimbursement not agreed to	In year loss to HLH	C - Significant	III - Marginal			DW	FH	Jul-16
HLH44	Negative publicity associated with services delivery where HLH is incorrectly viewed as being at fault due to the actions of third parties	HLH receives negative publicity for decisions of third parties that impact on property/programmes operated by HLH	Closure/reduction of THC service which has an impact on HLH delivered services	Negative media and public perception that HLH is at fault	C - Significant	III - Marginal			IM	JWM	Jul-16
HLH45	Possible reduction in sportscotland funding	Potential longer term and greater cuts to sportscotland funding decreases investment in HLH/HC	Funding agreement notification	Financial and reputational damage of redundancy costs.	E - Very Low	III - Marginal			IM	FH	Apr-17
HLH46	Breaches - ICT	Website hacked or threat of "social engineering" e.g. spoof emails pertaining to be from Chief Executive Definition - "the use of deception to manipulate individuals into divulging confidential or personal information that may be used for fraudulent purposes"	PR damage and/or data breach related to Risk HLH25	Reputational damage and/or prosecution/fine.	C - Significant	III - Marginal			SMT	JWM	Apr-17

Risk No	Risk Description / Short Name	Vulnerability	Trigger	Consequences	Likelihood	Impact	Risk Matrix (DO NOT POPULATE)	Progress / Status R / A / G	Owner	Lead officer	Date added
HLH47	Rise in the UK terrorism threat level <input type="checkbox"/> LOW means an attack is unlikely <input type="checkbox"/> MODERATE means an attack is possible, but not likely <input type="checkbox"/> SUBSTANTIAL means an attack is a strong possibility <input type="checkbox"/> SEVERE means an attack is highly likely <input type="checkbox"/> CRITICAL means an attack is expected imminently	HLH sites closed down or suspended - staff diverted to assist response to an incident	National threat level raised	Potential "lock ins" of members of the public until safe to release. Use of HLH facilities as reception buildings	D - Low	III - Marginal			SMT	IM	Apr-17
HLH50	Reliance on individual suppliers/contracts	Potential exposure to difficulty in over reliance	Supplier withdraws service/ cannot provide	Short term withdrawal or reduction in service	D - Low	III - Marginal			SMT	IM	Sep-17
HLH51	Impact of HLH Capital Programme	Impact of ability to grow and/or building deterioration	Reduced capital investment	Inability to grow and meet income targets	D - Low	II - Critical			SMT	IM	Feb-18
HLH52	Failure of THC to enforce EVOLVE	Failure of offsite excursion systems	Offsite excursion managed inappropriately	Reputational damage	D - Low	II - Critical			SMT	FH	Apr-18
HLH53	Blue Green Algae	Health Risk/Cancellation of Planned Activity	Extended period of warm sunny weather	Health risk and reputational damage	D - Low	III - Marginal			SMT	IM	Jul-18

Appendix B

Risk Profile

Likelihood	A				
	B				
	C		HLH03 HLH06 HLH08 HLH30 HLH31 HLH43 HLH44 HLH46	HLH05 HLH19	
	D		HLH17 HLH29 HLH47 HLH50 HLH53	HLH07 HLH14 HLH22 HLH25 HLH28 HLH39 HLH42 HLH51 HLH52	
	E		HLH36 HLH45	HLH04 HLH09 HLH15 HLH18 HLH34	HLH20
	F			HLH10	
		IV	III	II	I
		Impact			

- A - Very High
- B - High
- C - Significant
- D - Low
- E - Very Low
- F - Almost Impossible

- I - Catastrophic
- II - Critical
- III - Marginal
- IV - Negligible

Risk No:	Risk Score:	Owned By: (e.g. SMT; HoS; Board etc.)
HLH05	C2	SMT
Description (of project and list of risks)		
<p>Over-reaching/ over-commitment leading to failure of significant projects and damage to reputation; increase in stress amongst staff and missed deadlines. The External Auditors have raised the issue of additional management of facilities being transferred from THC without additional central management and administration resources, and that this may become an issue in future.</p>		
Controls Already in Place		
<p>The Board set the annual Work Plan and work is regularly reviewed by the senior management team. A project register is maintained.</p> <p>The Board have authorised and instructed that, where applicable and possible, a figure of 5% for central management and administration costs be added to any future cost negotiations with THC for the transfer of new facilities and services.</p> <p>A survey of stress levels, using a system devised by the Health and Safety Executive, has been undertaken with a sample of staff, which identified some 'hotspots' which have been addressed.</p>		
Effectiveness of these Controls		
<p>Both opportunities for, and demands on, HLH are increasing. At this strategic stage of development many of the opportunities require to be followed up if reputational damage is to be avoided. Anecdotally staff are reporting increased workload and pressure.</p>		
New Actions Required		Who is Responsible?
Monitor the need for further review of the current levels of stress of staff		Head of Development

Risk No:	Risk Score:	Owned By:
HLH19	C2	SMT
Description		
Non-achievement of income and expenditure targets and failure to control expenditure to achieve revised targets leading to inability to deliver service contract. Aggressive targets means a greater requirement for scrutiny.		
Controls Already in Place		
Monthly budget monitoring process Scrutiny by Finance and Audit Committee Finance reports to HLH Board		
Effectiveness of these Controls		
Effective in 2017/18 resulting in c £200K being available for reserves by year end. It is anticipated that a small surplus to budget will be achieved during financial year 2018/19.		
New Actions Required	Who is Responsible?	
Continuation of a formal budget savings and targets review mechanism at monthly SMT	Chief Executive	