|  |  |
| --- | --- |
| HIGH LIFE HIGHLAND  REPORT TO BOARD OF DIRECTORS  28 March 2013 | AGENDA ITEM 14  REPORT No HLH 8/13 |

## **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:-   1. note the updates to the Risk Register; and 2. following discussion add any risks to the Register that the Board identify at the meeting. | | |
|  |  |
| **1.** | **Business Plan Contribution** |
| 1.1 | This report will help achieve the outcome of the High Life Highland (HLH) Business Plan by ensuring safety and environmental compliance. |
| **2.** | **Background** |
| 2.1  2.2  2.3 | The Company Financial Standing orders require that the Risk Register is reviewed annually by the HLH Board. The last such review was on 29 March 2012.  In addition, the Finance and Audit Committee review the Risk Register on a quarterly basis.  The Risk Register is also regularly reviewed by the Senior Management Team (SMT) and by the quarterly Management Team 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 Resources or by raising matters at the regular quarterly risk review. |
| **3.** | **The Risk Register** |
| 3.1 | The Risk Register is included at **Appendix A**. The SMT undertook a major review of risks in December 2012 and the Register version included shows the risks considered to be no longer applicable, as well as the new risks identified (HLH23-27). |
| **4.** | **Risk Management Plans** |
| 4.1 | Risks scored as being “above the line” require risk management plans. Three new risks have been identified that fall into this category and the management plans for these are included in **Appendix B.** |
| **5.** | **Risk Implications** |
| 5.1 | There are no new risks resulting from the recommendations of this report. |
| **Recommendation** It is recommended that Directors:-   1. note the updates to the Risk Register; and 2. following discussion add any risks to the Register that the Board identify at the meeting. | | |

Signature:

Designation: Chief Executive

Date: 18 March 2013

**APPENDIX A**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Risk No** | **Risk Rating** | **Above  the Line** | **Progress/ Status R / A / G** | **Risk Description/Short Name** | **Vulnerability** | **Trigger** | **Consequences** | **Owner** |
| ~~HLH01~~ | **~~D2~~** | ~~Yes~~ |  | ~~Central support costs rise beyond those estimated within the Business Case~~ | ~~Full costs of central support service not transferred as part of HLH Services Fee~~ | ~~HLH budget pressures~~ | ~~Reduced quality in the delivery of front line services~~ | **~~SMT~~** |
| ~~HLH02~~ | **~~B2~~** | ~~Yes~~ |  | ~~Future Council savings process results in cuts to front line services~~ | ~~Options to achieve savings from central costs limited~~ | ~~Annual savings targets set by Council~~ | ~~Closures of facilities or removal of CLL services to the public~~ | **~~Board / SMT~~** |
| HLH03 | **D2** | No |  | Estate condition/building failure | Failure of a building/s | Long term poor PR - damage to reputation | Delivery of CLL services reverts to the Council | **Board / SMT** |
| HLH04 | **D2** | No |  | System failures, such as IT | Failure of a major system | Inability to deliver contract | Financial insolvency and delivery of CLL services reverts to the Council | **SMT** |
| HLH05 | **E2 (D2)** | No |  | Over reaching/over commitment | Failure of significant projects | Long term poor PR - damage to reputation | Delivery of CLL services reverts to the Council | **Board / SMT** |
| HLH06 | **E2 (D2)** | No |  | Changes to the political landscape | Lack of understanding / agreement on respective roles | Missed opportunities to work in partnership | Missed opportunity for service development | **Board** |
| HLH07 | **E2 (D2)** | No |  | 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 | **Board** |
| HLH08 | **D3** | No |  | 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 | **SMT** |
| HLH09 | **E2 (D2)** | No |  | 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 | **Board / SMT** |
| HLH10 | **E2 (D2)** | No |  | 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 | **Board** |
| ~~HLH11~~ | **~~E3~~** | ~~No~~ |  | ~~Failure to meet the Council's contractual requirements on an ongoing basis by the HLH SMT~~ | ~~Failure to adhere to and deliver PSO specification~~ | ~~Default notices by the ECS Client Manager~~ | ~~Delivery of CLL services reverts to the Council~~ | **~~SMT~~** |
| ~~HLH12~~ | **~~E3~~** | ~~No~~ |  | ~~Services Fee insufficient to deliver all contractual requirements~~ | ~~In year savings requested that do not account for full costs of delivering the PSO specification~~ | ~~HLH budget pressures~~ | ~~Cuts to front line CLL services~~ | **~~Board / SMT~~** |
| ~~HLH13~~ | **~~E2~~** | ~~No~~ |  | ~~Public perception of no change or improvement~~ | ~~Pressure on Council to take delivery of CLL services back in house~~ | ~~Negative response to Public Consultation processes~~ | ~~Delivery of CLL services reverts to the Council~~ | **~~Board / SMT~~** |
| HLH14 | **D2** | No |  | Future changes to the legislation that the 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 | **SMT** |
| HLH15 | **E2** | No |  | Major health and safety breach | failure of health and safety systems | Major health and safety incident dealt with inappropriately | Reputational damage | **SMT** |
| ~~HLH16~~ | **~~D3~~** | ~~No~~ |  | ~~Long term poor PR - damage to reputation~~ | ~~Pressure on Council to take delivery of CLL services back in house~~ | ~~Ongoing poor publicity~~ | ~~Delivery of CLL services reverts to the Council~~ | **~~Board / SMT~~** |
| HLH17 | **D3** | No |  | Poor project planning and management (see projects) | Failure of significant projects | Long term poor PR - damage to reputation | Delivery of CLL services reverts to the Council | **SMT** |
| HLH18 | **E2 (D2)** | No |  | Breakdown in management/staff relations | Industrial action | Inability to deliver contract | Delivery of CLL services reverts to the Council | **SMT** |
| HLH19 | **D2** | No |  | Non achievement of income and participation targets | Failure to control expenditure and to achieve income targets | Inability to deliver contract | Delivery of CLL services reverts to the Council | **SMT** |
| HLH20 | **E1** | No |  | Pension deficit continues to grow | Pension scheme fails to recover it financial position | Regular pension review | Financial viability of company affected | **SMT** |
| HLH21 | **E2** | No |  | Failure to achieve skill set required for the Board | Retiral process fails to fill skills gaps | Poor number and quality of applicants | Increased reliance on external advice plus impact on decision making | **Board** |
| HLH22 | **E3** | No |  | Insufficient succession planning | Inability to appoint and gaps in the management team | Critical vacancy infilled | Temporary loss of efficiency | **SMT** |
| ~~HLH23~~ | **~~B2~~** | ~~Yes~~ |  | ~~Council does not accept HLH budget proposals to achieve savings target~~ | ~~Break in relationship between Council and Board~~ | ~~Council won't engage~~ | ~~Unknown/ potential Board resignations~~ | **~~Board~~** |
| HLH24 | **B1** | Yes |  | The breach of legionella legislation leads to a legionella outbreak or a failed inspection | Lack of control of the management/ timescale of the project | HSE inspection or outbreak of legionella | reputational damage to HLH | **SMT** |
| HLH25 | **C3** | No |  | Failure to implement the Data protection Policy results in action by the Data protection Commissioner | Lack of control of data management | Identified failures, complaints or inspection by Data Comissioner | Prosecution, fine, damage to reputation | **SMT** |
| HLH26 | **C3** | No |  | Implementation of the sponsorship policy | Reputation of High Life Highland is affected. | Public complaints or press articles | reputational damage to HLH | **SMT** |
| HLH27 | C2 | Yes |  | Budget Savings Project | failure to identify efficiency savings in nect budget savings round | Failure to complete current review projecys, or failure to identify efficiency savings for the 2015/18 budget process | Reputational damage to HLH with Council, increased cuts to services | **SMT** |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **High Life Highland** | | |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **Risk Profile** | | |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Likelihood | **A** |  |  |  |  |  | A  B C D E F | - Very High  - High  - Significant  - Low  - Very Low  - Almost Impossible |
|  | **B** |  |  |  | HLH24 |  |  |  |
|  | **C** |  | HLH25 HLH26 | HLH27 |  |  |  |  |
|  | **D** |  | HLH08 HLH17 | HLH03 HLH04 HLH14 HLH19 |  |  | I II III IV | - Catastrophic  - Critical  - Marginal  - Negligible |
|  | **E** |  | HLH22 | HLH05 HLH06 HLH07 HLH09 HLH10  HLH15 HLH18  HLH21 | HLH20 |  |  |  |
|  | **F** |  |  |  |  |  |  |  |
|  |  | **IV** | **III** | **II** | **I** |  |  |  |
|  |  | Impact |  |  |  |  |  |  |

**APPENDIX B**

|  |  |  |  |
| --- | --- | --- | --- |
| **Risk No:** | **Risk Score:** | **Owned By:** | |
| HLH24 | B1 | SMT | |
| **Description** | | | |
| The breach of legionella legislation leads to a legionella outbreak or a failed inspection | | | |
| **Controls Already in Place** | | | |
| * HaPS are taking a “greatest risk to the Council” approach to legionella risk assessment * The responsibility of HLH Board to have these legal inspections completed has been recognised by HLH officers * Correspondence has been exchanged with The Highland Council’s Housing and Property Service to progress legionella inspections in all HLH premises * HLH health and safety experts have been consulted * Legal advice is being sought | | | |
| **Effectiveness of these Controls** | | | |
| Pending formal legal advice it is likely that some responsibility would sit with High Life highland were a legionella outbreak to occur without the appropriate legionella checks | | | |
| **New Actions Required** | | | **Who is Responsible?** |
| Following legal advice, further communication with HaPS will be undertaken | | | Head of Resources |

|  |  |  |  |
| --- | --- | --- | --- |
| **Risk No:** | **Risk Score:** | **Owned By:** | |
| HLH27 | C1 | SMT | |
| **Description** | | | |
| Failure to identify efficiency savings for financial years 2015-18, leading to possible closures and redundancies | | | |
| **Controls Already in Place** | | | |
| Budget reviews are undertaken annually, and efficiencies regularly sought by managers | | | |
| **Effectiveness of these Controls** | | | |
| It is unlikely that the reviews will identify all the required savings | | | |
| **New Actions Required** | | | **Who is Responsible?** |
| The identification of areas for budget reviews and the establishment of review groups. | | | Head of Resources |