

RISK REGISTER UPDATE - Report by Chief Executive

Summary

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

It is recommended that Directors review and approve the Risk Register at **Appendix A** and the associated supporting documents at **Appendices B and C**.

1. Business Plan Contribution

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

1. **Sustain a high standard of health and safety, and environmental performance**
2. **Implement the Service Delivery Contract with THC**
3. **Improving customer engagement and satisfaction**
4. **Improving staff engagement and satisfaction**
5. **Enhance the positive charity image**
6. **Be a trusted and effective partner**
7. **Achieve sustainable growth across the organisation**
8. **Develop health and wellbeing across Highland communities**
9. **Develop and promote the High Life brand**

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 27 August 2019.

2.2 In addition to the annual review by the charity Board, the Finance and Audit Committee reviews the Risk Register on a quarterly basis, most recently at its August 2020 meeting. No additional risks have been added since this meeting.

2.3 As requested by the Finance and Audit Committee, at their May 2020 meeting, officers revisited risks HLH19 and HLH51 with both ratings increased to reflect the current position and action plans amended accordingly to reflect the changes.

2.4 The Register is discussed at team meetings across HLH and recommendations made to the monthly Senior Management Team meeting. Due to the COVID-19 restrictions and with the majority of HLH staff being on furlough leave, the register was reviewed in August 2020 at the HLH Weekly Business Meeting and again by the Corporate Programme Manager in the recovery action plan meeting in August 2020.

2.5 Due to the ongoing epidemic operating parameters, it was agreed that to enable a greater focus to remain on the more pressing and active COVID-19 risks, that a condensed 'Covidised' risk register would continue to be presented for

consideration, comment and review at the Finance and Audit Committee meetings for the remainder of this financial year and this is the register referred to within this report.

3. The Risk Register

3.1 The 'Covidised' 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 of these risks, HLH05 and HLH51 are rated "green" within their management plans and there are no new issues associated with them. HLH58 is rated as "amber", with six risks rated "red".

4.2 With the exception of HLH57, the risks which have been rated red mainly relate to the relationship with The Highland Council:

- not taking account of the contract and the new budget formula which was requested by the Council and signed in 2017;
- including HLH savings targets in its budget process without consulting with HLH; and
- approach to financial support of COVID-19 related costs.

4.3 The proposed actions to mitigate these risks can be seen in the risk management plans in **Appendix C**. The risk management plans have been reviewed and are considered to be fit for purpose and it is recommended that the risk ratings be maintained at their current level whilst remaining under constant review.

5. Risk Implications

5.1 Resource Implications – there are no new resource implications associated with the recommendations of this report.

5.2 Legal Implications – there are no new legal implications associated with the recommendations of this report.

5.3 Risk Implications – the risk implications along with the risk management plans for mitigating the risks are included in **Appendix C**.

5.4 Equality Implications – there are no new equality implications associated with the recommendations of this report.

Recommendation

It is recommended that Directors review and approve the Risk Register at **Appendix A** and the associated supporting documents at **Appendices B and C**.

Designation: Chief Executive

Date: 27 August 2020

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	Service	Date added																																								
HLH58	Auditor disagrees Board's Going Concern assessment	Delay in signing of financial statements, financial statements signed with modified audit report	Notification from auditor	Delaying in signing of financial statements, reputational damage, additional audit fees	B - High	III - Marginal	<table border="1"> <tr><td>A</td><td></td><td></td><td></td><td></td></tr> <tr><td>B</td><td></td><td>X</td><td></td><td></td></tr> <tr><td>C</td><td></td><td></td><td></td><td></td></tr> <tr><td>D</td><td></td><td></td><td></td><td></td></tr> <tr><td>E</td><td></td><td></td><td></td><td></td></tr> <tr><td>F</td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>IV</td><td>III</td><td>II</td><td>I</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	A					B		X			C					D					E					F						IV	III	II	I		Impact					Board/SMT	NJ	Financial	May-20
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HLH57	Major external issues affecting HLH's ability to deliver services e.g. pandemic, environmental	External restrictions leading to uncontrollable Loss of customers/ members. Ultimately jeopardising the financial model and sustainability of the charity in its current form.	Major external Issue, e.g. Pandemic, environmental issue	Reduction in income that undermines the financial viability of the company and non delivery of services leading to the possible renegotiation of the SDC with the HC and redesign of HLH.	A - Very High	I - Catastrophic	<table border="1"> <tr><td>A</td><td></td><td></td><td></td><td>X</td></tr> <tr><td>B</td><td></td><td></td><td></td><td></td></tr> <tr><td>C</td><td></td><td></td><td></td><td></td></tr> <tr><td>D</td><td></td><td></td><td></td><td></td></tr> <tr><td>E</td><td></td><td></td><td></td><td></td></tr> <tr><td>F</td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>IV</td><td>III</td><td>II</td><td>I</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	A				X	B					C					D					E					F						IV	III	II	I		Impact					SMT	SW	Financial	Feb-20
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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	<table border="1"> <tr><td>A</td><td></td><td></td><td></td><td></td></tr> <tr><td>B</td><td></td><td></td><td></td><td></td></tr> <tr><td>C</td><td></td><td></td><td>X</td><td></td></tr> <tr><td>D</td><td></td><td></td><td></td><td></td></tr> <tr><td>E</td><td></td><td></td><td></td><td></td></tr> <tr><td>F</td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>IV</td><td>III</td><td>II</td><td>I</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	A					B					C			X		D					E					F						IV	III	II	I		Impact					Board/SMT	SW	Org/Gov	Dec-11
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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	C - Significant	II - Critical	<table border="1"> <tr><td>A</td><td></td><td></td><td></td><td></td></tr> <tr><td>B</td><td></td><td></td><td></td><td></td></tr> <tr><td>C</td><td></td><td></td><td>X</td><td></td></tr> <tr><td>D</td><td></td><td></td><td></td><td></td></tr> <tr><td>E</td><td></td><td></td><td></td><td></td></tr> <tr><td>F</td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>IV</td><td>III</td><td>II</td><td>I</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	A					B					C			X		D					E					F						IV	III	II	I		Impact					Board	SW	Political	Dec-11
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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	II - Critical	<table border="1"> <tr><td>A</td><td></td><td></td><td></td><td></td></tr> <tr><td>B</td><td></td><td></td><td></td><td></td></tr> <tr><td>C</td><td></td><td></td><td>X</td><td></td></tr> <tr><td>D</td><td></td><td></td><td></td><td></td></tr> <tr><td>E</td><td></td><td></td><td></td><td></td></tr> <tr><td>F</td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>IV</td><td>III</td><td>II</td><td>I</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	A					B					C			X		D					E					F						IV	III	II	I		Impact					SMT	SW	Org/Gov	Dec-11
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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	A - Very High	I - Catastrophic	<table border="1"> <tr><td>A</td><td></td><td></td><td></td><td>X</td></tr> <tr><td>B</td><td></td><td></td><td></td><td></td></tr> <tr><td>C</td><td></td><td></td><td></td><td></td></tr> <tr><td>D</td><td></td><td></td><td></td><td></td></tr> <tr><td>E</td><td></td><td></td><td></td><td></td></tr> <tr><td>F</td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>IV</td><td>III</td><td>II</td><td>I</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	A				X	B					C					D					E					F						IV	III	II	I		Impact					Board	SW	Financial	Dec-11
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Appendix A Continued

Risk No	Risk Description / Short Name	Vulnerability	Trigger	Consequences	Likelihood	Impact	Risk Matrix (DO NOT POPULATE)	Progress / Status R / A / G	Owner	Lead officer	Service	Date added																																								
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	<table border="1"> <tr><td>A</td><td></td><td></td><td></td><td></td></tr> <tr><td>B</td><td></td><td></td><td></td><td></td></tr> <tr><td>C</td><td></td><td>X</td><td></td><td></td></tr> <tr><td>D</td><td></td><td></td><td></td><td></td></tr> <tr><td>E</td><td></td><td></td><td></td><td></td></tr> <tr><td>F</td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>IV</td><td>III</td><td>II</td><td>I</td></tr> <tr><td></td><td colspan="4" style="text-align: center;">Impact</td></tr> </table>	A					B					C		X			D					E					F						IV	III	II	I		Impact					SMT	SW	Political	Mar-14
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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	II - Critical	<table border="1"> <tr><td>A</td><td></td><td></td><td></td><td></td></tr> <tr><td>B</td><td></td><td></td><td></td><td></td></tr> <tr><td>C</td><td></td><td>X</td><td></td><td></td></tr> <tr><td>D</td><td></td><td></td><td></td><td></td></tr> <tr><td>E</td><td></td><td></td><td></td><td></td></tr> <tr><td>F</td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>IV</td><td>III</td><td>II</td><td>I</td></tr> <tr><td></td><td colspan="4" style="text-align: center;">Impact</td></tr> </table>	A					B					C		X			D					E					F						IV	III	II	I		Impact					SMT	SW	People/HR	Mar-14
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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	<table border="1"> <tr><td>A</td><td></td><td></td><td></td><td></td></tr> <tr><td>B</td><td></td><td></td><td></td><td></td></tr> <tr><td>C</td><td></td><td>X</td><td></td><td></td></tr> <tr><td>D</td><td></td><td></td><td></td><td></td></tr> <tr><td>E</td><td></td><td></td><td></td><td></td></tr> <tr><td>F</td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>IV</td><td>III</td><td>II</td><td>I</td></tr> <tr><td></td><td colspan="4" style="text-align: center;">Impact</td></tr> </table>	A					B					C		X			D					E					F						IV	III	II	I		Impact					SW	JWM	PR	Jul-16
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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	<table border="1"> <tr><td>A</td><td></td><td></td><td></td><td></td></tr> <tr><td>B</td><td></td><td></td><td></td><td></td></tr> <tr><td>C</td><td></td><td></td><td></td><td></td></tr> <tr><td>D</td><td></td><td>X</td><td></td><td></td></tr> <tr><td>E</td><td></td><td></td><td></td><td></td></tr> <tr><td>F</td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>IV</td><td>III</td><td>II</td><td>I</td></tr> <tr><td></td><td colspan="4" style="text-align: center;">Impact</td></tr> </table>	A					B					C					D		X			E					F						IV	III	II	I		Impact					SMT	SW	Financial	Sep-17
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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	A - Very High	II - Critical	<table border="1"> <tr><td>A</td><td></td><td></td><td></td><td></td></tr> <tr><td>B</td><td></td><td></td><td></td><td></td></tr> <tr><td>C</td><td></td><td></td><td></td><td></td></tr> <tr><td>D</td><td></td><td></td><td></td><td></td></tr> <tr><td>E</td><td></td><td></td><td></td><td></td></tr> <tr><td>F</td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>IV</td><td>III</td><td>II</td><td>I</td></tr> <tr><td></td><td colspan="4" style="text-align: center;">Impact</td></tr> </table>	A					B					C					D					E					F						IV	III	II	I		Impact					SMT	SW	Estate	Feb-18
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HLH54	SDC Contract being ignored by THC	Savings being imposed which result in unnecessary cuts or closures because of short implementation timescales	Notification of the requirement for savings which do not comply with the agreed funding formula with the Council.	Financial/operational	C - Significant	II - Critical	<table border="1"> <tr><td>A</td><td></td><td></td><td></td><td></td></tr> <tr><td>B</td><td></td><td></td><td></td><td></td></tr> <tr><td>C</td><td></td><td>X</td><td></td><td></td></tr> <tr><td>D</td><td></td><td></td><td></td><td></td></tr> <tr><td>E</td><td></td><td></td><td></td><td></td></tr> <tr><td>F</td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>IV</td><td>III</td><td>II</td><td>I</td></tr> <tr><td></td><td colspan="4" style="text-align: center;">Impact</td></tr> </table>	A					B					C		X			D					E					F						IV	III	II	I		Impact					SMT	SW	Org/Gov	Jan-19
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Appendix B

Risk Profile

Likelihood	A		HLH51	HLH57 HLH19	
	B		HLH58		
	C	HLH03 HLH06 HLH30 HLH43 HLH44 HLH46	HLH05 HLH07 HLH08 HLH31 HLH39 HLH54		
	D	HLH17 HLH29 HLH47 HLH50 HLH55	HLH14 HLH22 HLH25 HLH28 HLH42 HLH52 HLH56		
	E	HLH36	HLH04 HLH09 HLH15 HLH18 HLH34	HLH20	
	F		HLH10		
		IV	III	II	I
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- A - Very High
- B - High
- C - Significant
- D - Low
- E - Very Low
- F - Almost Impossible

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

Appendix C

Risk No:	Risk Score:	Owned By: (e.g. SMT; HoS; Board etc.)	Last Review Date
HLH05	C2	SMT	10 August 2020
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 and, where stress is a factor, absences are recorded and managed.</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>			
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.</p>			
New Actions Required			Who is Responsible?
<p>A restructure took place earlier this year, this includes changes in Director responsibility and the creation of a Corporate Programme Manager as an additional position to co-ordinate, sequence, govern and resource all projects within the HLH change portfolio.</p> <p>In addition to continuing to monitor the need for further review of the current levels of stress amongst staff, the changes implemented above will be reviewed in 6 months to check accuracy and test and adjust as required.</p>			Chief Executive

Risk No:	Risk Score:	Owned By:	Last review date
HLH07	C2	Board	10 August 2020
Description			
Poor or ineffective working relationship between the Council and the HLH Board.			
Controls Already in Place			
<p>There is a legal framework in place between HLH and the Council which includes a Service Delivery Contract, Property Agreement and Service Level Agreements (where HLH buys back services such as grounds maintenance from the Council). The purpose of the legal agreements are to ensure: that HLH delivers the services which are required of it by the Council; and that HLH can operate as a charity and can therefore deliver services at a lower cost than would be possible if the Council were to directly deliver those same services itself.</p> <p>HLH reports twice yearly to the Council's Care, Learning and Housing Committee and the Council is formally asked to consider whether HLH has met the terms of the Service Delivery Contract when it considers the HLH update reports submitted to those meetings. The Committee has always agreed that HLH has met the terms of the Contract.</p>			
Effectiveness of these Controls			
<p>Given that the contracts between HLH and the Council are signed legal agreements and that when the six monthly HLH update reports have been considered by the Council it has agreed that the terms of the contract have been met, the controls listed above should be sufficient.</p> <p>However, in setting its 2019/20 budget it became clear that Council officers and members have disregarded the funding agreement and viewed it as not being legally binding and have not approached HLH to propose a change. The current funding formula was a change from the original arrangement which transferred the risks of Scottish Government funding reductions and staff salary increases to HLH which the Council asked HLH to agree to and was signed in 2017.</p> <p>Following appointment, the HLH Chief Executive has met with Councillors including members of THC's political leadership, Council Officers and its Chief Executive. At that stage it was considered that the relationship with the Council had improved. However, the current COVID-19 Situation has again seen the relationship deteriorate despite HLH continuing to maintain dialogue with the HC. Recent meetings between the HC and HLH Chief Execs have resulted in an agreement from the HC to enter into and maintain dialogue with HLH and this situation will continue to be monitored with the risk rating reflected accordingly.</p>			
New Actions Required			Who is Responsible?
Given the progress reported above it is considered that no further actions are required at this stage, however, this will be kept under review.			HLH Chief Executive/Chair HLH Board

Risk No:	Risk Score:	Owned By:	Last review date
HLH08	C2	SMT	10 August 2020
Description			
Poor working relationship between HLH SMT and Council Service staff			
Controls Already in Place			
There is now a weekly meeting between the HLH Chief Executive and the Council's Chief Executive and ECO Resources and Finance. More recently HLH Officers have been co-operating in sub-groups discussing the return to school process and impact on HLH. A standing invitation remains extant to the Council's client officer to attend the weekly HLH Weekly Business meeting.			
Effectiveness of these Controls			
The above controls should be sufficient with either of the above forums being appropriate for raising matters relating to budget savings targets or proposed changes to the funding formula.			
New Actions Required			Who is Responsible?
Seek agreement with the Council that important matters, particularly those pertaining to: budget savings targets; and matters which might require contractual changes, be raised with HLH at the earliest opportunity by the Council's client officer. HLH Board agreed to write to THC to determine formal reporting arrangements for HLH under the new CTHC structure.			HLH Chief Executive and the Council's Director of Finance

Risk No:	Risk Score:	Owned By:	Last review Date:
HLH19	A1 Very High: Catastrophic	SMT	10 August 2020
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			
Weekly monitoring by the SMT Monthly budget monitoring process Scrutiny by Finance and Audit Committee Finance reports to HLH Board			
Effectiveness of these Controls			
Effective in 2019/20 although the effect of the pandemic resulting in negative variance to budget.			
New Actions Required			Who is Responsible?
Continuation of a formal budget savings and targets review mechanism at monthly SMT Financial Scenario planning currently underway as an element of the Post Covid-19 Recovery Action Plan. Planning group established to implement action to recover <i>highlife</i> income through customer engagement and marketing.			Chief Executive

Risk No:	Risk Score:	Owned By:	Last Review Date
HLH31	C2	SMT	10 August 2020
Description			
Significant changes in Council Senior Management.			
Controls Already in Place			
<p>There is a fortnightly meeting between the HLH Chief Executive and the Council's Care and Learning Service Head of Resources (the Council's HLH client officer) and a standing invitation to the Council's client officer to attend the weekly HLH Heads of Service meeting.</p> <p>The HLH Chief Executive was included in the induction programme for the Council's new Chief Executive where information on the services which HLH provides on the Council's behalf and the contractual arrangement/relationship that are in place to ensure that the Council's governance of the arrangement is appropriate and effective was provided.</p> <p>There has been contact and discussion between the HLH Chief Executive and the Council's Care and Learning Head of Resources on various topics including HLH updates to the Care, Learning and Housing Committee.</p>			
Effectiveness of these Controls			
While the relationship between HLH and the Council seems to have been understood in principle, it has become clear that in relation to budgets and budget setting that the Council wanted to be able to impose savings and influence how those savings are made without discussion with HLH.			
New Actions Required			Who is Responsible?
Given recent progress it is considered that no further actions are required at this stage, however, this will be kept under review.			Chief Executive

Risk No:	Risk Score:	Owned By:	Last review date
HLH39	C2	Board	10 August 2020
Description			
Change to formula for Service Delivery Fee from THC.			
Controls Already in Place			
There is a change control procedure contained within the Service Delivery Contract with the Council.			
Effectiveness of these Controls			
The Service Delivery Contract is a formal legal contract and this, should, therefore be an effective control for this risk.			
New Actions Required			Who is Responsible?
Given recent progress it is considered that no further actions are required at this stage, however, this will be kept under review.			

Risk No:	Risk Score:	Owned By:	Last review date:
HLH51	A2 Very High: Critical	SMT	10 August 2020
Description			
<p>Impact of HLH Capital Programme – During its last capital review, THC reduced its capital budget which is now around half of its previous level. This has had an impact on HLH’s ability to deliver projects which support income generation to enable savings to be returned to THC. Additionally, THC took the decision to fund the replacement of its mobile libraries and also approved work to the Caithness Horizons building, from the HLH/CLL line, thereby further reducing the funds available for HLH income generating projects.</p> <p>More recently the COVID-19 situation has prevented a long awaited review of the THC capital programme and all indications are that this is unlikely to take place this FY. The lack of capital investment long term will inevitably lead to a lack of growth, due to outdated and tired facilities preventing HLH to refresh its offering to grow and diversify to capture emerging markets and also to retain current members.</p> <p>Given the ongoing pandemic, a slow return to a new normal and the lack of clarity of when THC capital funds are likely to become available, then Council capital investment cannot be relied upon as previously was the case, to deliver income generating projects.</p>			
Controls Already in Place			
<ul style="list-style-type: none"> • External grant funding will continue to be sought to complement other funding sources. • The phase 2 sportscotland application for the development of a Tennis Centre linked to Inverness Leisure, has been placed on hold until the next FY • Confidentially, the development of the Highland Folk Museum into an open air all-year round visitor attraction will be considered with the CNP within their COVID-19 recovery plan capital programme 			
Effectiveness of these Controls			
<p>Dependent on whether applications are approved, seeking external funding could help to mitigate this risk, however, it cannot be relied upon to replace the Council capital programme. Match funding is normally required and this can influence the kinds of projects which can be developed.</p>			
New Actions Required			Who is Responsible?
<p>The following actions are underway:</p> <ul style="list-style-type: none"> • £50K has been added to the draft HLH Budget for 2021 through the budget savings process; • THC has, in principle, agreed to capital borrowing; • A five-phase development plan has been developed to increase <i>highlife</i> subscription sales at Inverness Leisure (further details are 			<p>HLH Chief Executive and the Council’s Director of Finance</p>

contained in the Project Register). A work stream on pricing, marketing and promotions to continue to increase income through the *highlife* leisure card has been developed and will be used to inform the 2021/22 budget setting process.

- In addition there will be continued engagement with THC as it conducts its planned review of the capital programme.
- COVID-19 has resulted in the capital programme and its review stalling - early capital investment within HLH facilities would enable growth and financial security and enable savings to be returned to the HC. Reduced customers could be used as an opportunity to complete capital works ahead of programme.

Risk No:	Risk Score:	Owned By:	Last review date:
HLH54	C2	SMT	10 August 2020
Description			
Service Delivery Contract being ignored by THC.			
Controls Already in Place			
NA – it would not have been reasonably foreseeable that the Council would ignore (particularly when reminded) signed legal documents which were based on expert legal advice which it had developed and agreed through its then Education Culture and Sport Committee and full Highland Council meetings in the run up to it establishing a wholly owned charity.			
Effectiveness of these Controls			
NA.			
New Actions Required			Who is Responsible?
Given recent progress it is considered that no further actions are required at this stage, however, this will be kept under review. The ability to make savings has been compromised due to the COVID-19 situation. Financial Scenario planning currently underway and the situation will continue to be kept under review			

Risk No:	Risk Score:	Owned By:	Last review date:
HLH57	A1 Very High: Catastrophic	SMT	10 August 2020
Description			
Major issues affecting HLH's ability to deliver services e.g. pandemic, environmental			
Controls Already in Place			
<ul style="list-style-type: none"> • Initial creation of a Pandemic (COVID-19) action group • All non-essential staff placed on furlough to assist with the financial stability of the company • Scenario planning for both financial and operational situations underway • DRAFT recovery action plan created • Recovery Action Plan team to be assembled as we approach the easing of restrictions • On line delivery mechanisms being investigated to enable digital services to be charged for • Close monitoring of neighbouring countries recovery strategies to enable the HLH Recovery Action Plan to be continually refined as government policy and guidance permits • Health & Wellbeing plan to focus on supporting staff to return to work off furlough leave • Continuance of strong governance and regular management meetings to demonstrate clear decision making and document decisions • Continuance of Health and safety and Environmental Compliance Committee meetings • Creation of lessons identified document to gain experience for the current situation to aid and inform any future such occurrences • Resilience planning for the future 			
Effectiveness of these Controls			
HLH is currently unable to achieve the delivery of the SDC as the government restrictions and social distancing will not permit this. HLH continue to investigate ways of service delivery through digital and online platforms. However, the delivery of all services is unlikely to be permitted for some time.			
New Actions Required			Who is Responsible?
Given recent progress it is considered that no further actions are required at this stage, however, this will be kept under review.			Chief Executive

Risk No:	Risk Score:	Owned By:	Last review date:
HLH58	B3	Board/Directors	31 July 2020
Description			
Auditor disagrees Board's Going Concern assessment leading to delay in signing of financial statements or financial statements being signed with modified audit report.			
Controls Already in Place			
Scrutiny by Finance and Audit Committee Finance reports to HLH Board			
Effectiveness of these Controls			
Under normal circumstances these controls would be adequate. However, due to the current unique circumstances, further engagement between Board, officials and the auditor is required.			
New Actions Required:			Who is Responsible?
Meetings between all parties, including the THC external auditors have been productive. A letter of comfort from THC is likely to have a significant impact on any qualification or condition on the HLH accounts by external audit. Discussions are ongoing at strategic level to reach a mutual agreement.			Chief Executive/Chair