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Council Building
2 High Street
Perth
PH1 5PH

22/06/2022

Attached is a supplementary agenda for the hybrid meeting of the **Audit and Risk Committee** being held in the **Council Chamber** on **Tuesday, 28 June 2022** at **10:00..**

If you have any queries please contact Committee Services on (01738) 475000 or email Committee@pkc.gov.uk.

THOMAS GLEN
Chief Executive

Those attending the meeting are requested to ensure that all notifications are silent on their device and other devices are in silent mode.

Please note that the meeting will be broadcast online and recorded. The recording will be publicly available on the Council's website following the meeting.

Members:

Councillor David Illingworth (Convener)
Councillor Andy Chan (Vice-Convener)
Councillor Liz Barrett
Councillor Bob Brawn
Councillor Ken Harvey
Councillor Noah Khogali
Councillor Iain MacPherson
Councillor Sheila McCole
Councillor Colin Stewart
Councillor Grant Stewart

Audit and Risk Committee

Tuesday, 28 June 2022

AGENDA

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- 7 ANNUAL REPORT - STRATEGIC RISK MANAGEMENT**
Report by Head of Legal & Governance (copy herewith 22/158)

5 - 34

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PERTH & KINROSS COUNCIL

AUDIT & RISK COMMITTEE

28 June 2022

ANNUAL REPORT - STRATEGIC RISK MANAGEMENT

Report by Head of Legal & Governance

(Report No. 22/158)

1. PURPOSE

The purpose of the report is to provide assurance that the Council's Risk Management Framework is adequate and effective and to advise the Audit Committee of the current key strategic risks facing the organisation and how these risks are being mitigated and managed.

2. RECOMMENDATION(S)

It is recommended that the Committee:

- i) considers the content of the report and provides appropriate and constructive scrutiny; and
- ii) notes the current key strategic risks which have been identified through the application of the approved risk management process

3. STRUCTURE OF REPORT

3.1 This report is structured over the following sections:

- Section 4: Context
- Section 5: Summary of risk activity 2021/22
- Section 6: Key strategic risks for 2022/23
- Section 7: Conclusion and Next steps
- Appendix 1 Strategic risk register 2022/23

4. CONTEXT

4.1 Effective risk management is a key element of the Council's system of internal control and essential to the good governance of the organisation. As such, the effectiveness of the Risk Management Framework is reviewed as part of the assurance exercise undertaken to produce the Council's Annual Governance Statement each year. Further detailed

work has also been undertaken to review the Council's Strategic Risk Register to ensure that it reflects the current key strategic risks facing the Council at this time.

- 4.2 The Council's Risk Management Framework was approved in 2017 and is reviewed regularly to ensure that it remains fit for purpose. The Framework is based on the Management of Risk (M_O_R®) methodology. The approach is now embedded across the Council and risk at all levels is managed through a continuous process of identification, assessment, evaluation, prioritisation, and mitigation. Risk is evaluated based on the likelihood of the risk arising (probability) and the potential impact in both financial and non-financial terms. Given that risk can never be eliminated completely, proportionate controls and mitigation measures are then put in place to manage the risk.
- 4.3 The Council's approach to risk management as set out in the Risk Management Strategy has been assessed as being effective in identifying, assessing, evaluating, prioritising, and mitigating and managing risk, appropriately and proportionately during the period 2021/22.
- 4.4 The Strategic Risk Register reflects our identification, assessment and evaluation of the key strategic risks which the Council is facing at this point in time. It sets out the current control measures in place which help us to mitigate the impact of the risks. Given that risk is fluid by its nature, being an uncertain event; the identification of risks, scoring and the controls and mitigating actions needed to mitigate the risks, need to be continuously monitored and reviewed.

5 RISK ACTIVITY 2021/22

- 5.1 For a significant part of the year, the Council was still very much in response mode in relation to the global health pandemic. This saw a continuation of appropriate civil contingencies arrangements with an effective operational command structure in place for COVID-19 response activities. Throughout the year, strategic and operational risks have been managed in accordance with the Risk Management Framework.
- 5.2 During 2021/22, the Performance Planning & Risk Group (PP&R), who are trained risk practitioners, undertook a programme of work internally and with the Perth & Kinross Health and Social Care Partnership to further embed and enhance risk management practice, accountability and transparency and to develop and deliver, internal training and support. Some of the key activities undertaken or underway are stated below:-
 - (a) A risk and performance management software solution has been procured and this will transform the way in which we manage our data. This will allow greater links between risks, performance, and

our outcomes. The approach will provide a more holistic view of key issues, challenges, and opportunities to support better informed evidence-based decision making across the organisation.

- (b) A risk e-learning module has been developed to support staff across the Council to understand risk, the risk management process, and the M_O_R® approach which the Council have adopted. The roll out will commence in Summer 2022.
- (c) The group are reviewing Risk Response Plans and developing a standardised approach across the organisation which clearly sets out how risks are to be mitigated and enables the Services to better track improvement actions.
- (d) A training and development session was delivered to Integrated Joint Board (IJB) members to enhance their understanding of the complex risk management arrangements which are particular to the IJB/HSCP and to assist them in their scrutiny function. Further work will be done to support them in developing their risk appetite and to ensure appropriate mechanisms for risk assurance between the Council, HSCP and IJB.
- (e) The Strategic Risk Register, and other key Risk Management Framework documents, were published on the Performance pages of the Council website. This was done in conjunction with a review of the risk pages of the Council intranet, resulting in additional templates and guidance being added to further support staff.

6. STRATEGIC RISK REVIEW PROCESS

- 6.1 The PP&R have carried out PESTLE and SWOT analysis to scope out the current risk landscape both strategically and operationally, working with Service Management (SMT) and Executive Leadership Teams. The PP&R Group, SMTs and the Policy & Governance Group have also carried out a critical review of strategic and service risk registers and have assessed the system of internal control for risk management as part of the assurance process for the Annual Governance Statement.
- 6.2 Workshop sessions have been undertaken where nature, scoring and control measures for risks have been scrutinised and challenged risks to ensure that the risk assessment remains relevant and is robust.
- 6.3 The refreshed Strategic Risk Register is attached at Appendix 1. The format provides a concise view of the existing risk control measures. A risk summary section provides context in respect to the status of the risk overall.
- 6.4 There are currently 11 key strategic risks identified on the risk register. The INHERENT risk score is the evaluation of the risk prior to any control actions being implemented. The RESIDUAL risk score is the evaluation of the risk

based on the probability and impact once control/mitigation measures are implemented.

- 6.5 The risks are articulated in terms of cause and effect to ensure that there is a clear understanding of the various factors which potentially give rise to the risk being realised and the impact that they may have in various areas.
- 6.6 It should be noted that some risks cannot be reduced significantly, regardless of what control or mitigation measures are put in place. This may be particularly relevant where the risk is not one which can be managed by the Council alone and requires mitigating action to be taken by other parties. Furthermore, risks need not always be negative in impact; some uncertain events will give risk to potential opportunities (e.g. for change or improvement). Our response to risk (Accept/ Avoid/ Reduce/ Transfer/ Share/ Enhance/ Exploit) therefore will vary depending upon the nature of the risks, the potential impact and particular circumstances at a given time.
- 6.7 Risks are then prioritised, based on the RESIDUAL risk score;-
- Priority 1 : Residual risk score 16-25
 - Priority 2 : Residual risk score 10-15
 - Priority 3 : Residual risk score 6-9
 - Priority 4 : Residual risk score 1-5
- 6.8 Based on the evaluation the highest (Priority 1) risks facing the Council relate to:
- the protection of vulnerable children and adults
 - reducing the impact of climate change
 - growing the local economy
 - financial resilience
 - addressing poverty and the inequalities gap
 - sustainable public services
- 6.9 The fact that other risks are scored lower in no way signifies that these are of lesser importance; the scores are more reflective of the scope and effectiveness of the current controls within the direct influence of the Council. Similarly, some other important risks will sit on Service Risk Registers in accordance with the Risk Management Strategy. These will be monitored and managed by the relevant Senior Management Teams, subject to the provisions within the Risk Management Framework governing escalation and accountability.

7. NEXT STEPS

- 7.1 To further strengthen our risk management capability, we have procured a new software solution for integrated risk and performance management. This will help us to use risk and performance data more effectively and allow us to align activity more closely with the achievement of our strategic objectives. The approach will provide a more holistic view of key issues, challenges, and

opportunities to support better informed, evidence based, decision-making across the organisation.

- 7.2 There is no doubt that the impact of the pandemic has significantly altered the public sector landscape and increased the challenges and expectations in terms of delivering the services that our communities need. The previous two years have demonstrated the value and benefits of closer collaboration with our public partners, the private and third sector and with communities themselves and through the Perth and Kinross Offer we are looking to capitalise on the knowledge and the experience gained.
- 7.3 During the year 2021/22, we twin-tracked between response to, and recovery from, the global health crisis. We now face significant challenges in terms of financial resilience and sustainability at a time when our local economy is failing, we face a cost of living crisis and increasing poverty/inequalities, a decline in people's mental health and wellbeing and an increasing demand for our services. We must, therefore, challenge our traditional thinking around the design and delivery of services to ensure that they meet the increasing and changing needs of our communities, now and in the future. Change and transformation needs a positive approach to risk and we will look to review and refresh our appetite for risk. Accordingly, we will be engaging with elected members and officers to further develop our Risk Appetite Statement in the course 2022/23 as we roll out and implement our new Transformation & Change Strategy.
- 7.4 We recognise the importance of ongoing risk management training. Our in-house programme was developed in 2022 but roll-out was delayed as resources were diverted to responding to the public health emergency. This has been refreshed to ensure that it is relevant and fit for purpose and a new e-learning training module has been created which will be rolled out during 2022-23

8. CONCLUSION

- 8.1 The Council's Risk Management Framework is robust and effective and will continue to be reviewed throughout 2022/23 to ensure that it remains fit for purpose.
- 8.2 A programme of work is in place to further develop the framework to better support the organisation to achieve its strategic objectives and deliver better outcomes for the people of Perth & Kinross. Risk will continue to be regularly monitored, reviewed and managed in accordance with the approved Risk Management Framework.

Authors

Name	Designation	Contact Details
Lisa Simpson	Head of Legal & Governance Services	Llsimpson@pkc.gov.uk

Approved

Name	Designation	Date
Karen Donaldson	Chief Operating Officer	21 June 2022

ANNEX

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
Resource Implications	
Financial	None
Workforce	None
Asset Management (land, property, IST)	None
Assessments	
Equality Impact Assessment	None
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	None
Legal and Governance	None
Risk	None
Consultation	
Internal	Yes
External	None
Communication	
Communications Plan	No

1. Strategic Implications

Community Plan / Corporate Plan

1.1 This report supports the delivery of the Strategic Objectives within Perth and Kinross Community Plan (Local Outcomes Improvement Plan) 2017-2027 and Corporate Plan 2018-2022.

2. Resource Implications

Financial

2.1 There are no financial implications arising from this report.

Workforce

2.2 There are no workforce implications arising from this report.

Asset Management (land, property, IT)

2.3 There are no asset management implications arising from this report.

3. Assessments

Equality Impact Assessment

3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

3.2 This report has been considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:

- Assessed as not relevant for the purposes of EqIA

Strategic Environmental Assessment

3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals. No further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

Sustainability

3.4 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.

3.5 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

Legal and Governance

3.6 Not applicable.

Risk

3.7 Not applicable.

4. Consultation

Internal

4.1 Senior Managers and the Executive Leadership Team were consulted during the preparation of this report.

External

4.2 Not applicable.

2. BACKGROUND PAPERS

Not applicable.

3. APPENDICES

Appendix 1 - Strategic Risk Register June 2022



Appendix 1

Draft Strategic Risk Register 2022

Risk Summary: (see last page for key)

Risk Ref.	Risk Title	Risk Event. <i>There is a risk that:</i>	Priority
SR01	Protection of Vulnerable Children & Adults	Vulnerable children and adults are not adequately protected, and the Council fails to meet its statutory duty	20
SR02	Climate Change	The actions and decisions of the Council fail to affect the behavioural and cultural change required to mitigate the causes of and reduce the impact of climate change in Perth and Kinross	20
SR03	Economic Wellbeing	The economy in Perth & Kinross does not grow in an inclusive and sustainable way	20
SR04	Poverty & inequality	There will be increased poverty and the inequalities gap within Perth & Kinross will widen	16
SR05	Public Service Design & Delivery	The Council does not design and deliver the sustainable public services that our communities need	16
SR06	Information Security	The security (that is, the confidentiality, integrity, availability, and resilience) of the Council's data is compromised	15
SR07	Security & Emergency Planning/Civil Contingencies	The Council is unable to provide an adequate or effective operational response in emergency situations	12
SR08	Financial Resilience	There are insufficient financial resources to deliver the required level and quality of services to our communities	16
SR09	Workforce	The Council does not have the skilled, motivated, and agile workforce that it requires to ensure the effective delivery of services	12
SR10	Asset Management	Council property, housing, roads infrastructure and other assets are not safe, fit for purpose or providing best value	12
SR11	Health & Safety	The health and safety of staff and the public is not adequately protected	8

Risk Number & Title: SR01 – PROTECTION OF VULNERABLE CHILDREN & ADULTS

Sub-Category: Legislation & Compliance

Current Risk Rating: (priority 1, 2, 3 or 4)

PRIORITY 1

Risk Response: (accept, avoid, reduce, transfer, share, enhance, exploit)

SHARE

Inherent Impact (1-5)	Inherent Probability (1-5)	Residual Impact (1-5)	Residual Probability (1-5)
5	5	5	4
Inherent Score:	25	Residual Score:	20

Impact	Critical	5	10	15	20	25
	Major	4	8	12	16	20
	Moderate	3	6	9	12	15
	Minor	2	4	6	8	10
	Insignificant	1	2	3	4	5
		Very Low	Low	Medium	High	Very High
Probability						

As a Result of	There is a risk that	Which Could Lead to
<ul style="list-style-type: none"> Increasing resource pressures across relevant public sector bodies Incohesive partnership working (eg ineffective communication and data sharing) Increasing vulnerabilities 	<p>Vulnerable children and adults are not adequately protected, and the Council fails to meet its statutory duty</p>	<ul style="list-style-type: none"> Significant harm to individuals Increasing demand for services from Council and other public partners Damage to Council reputation/loss of public confidence Legal claims for breach of statutory duty

Key Controls

- Public Protection Chief Officers Group
- PKC Child Welfare & Protection Processes/Policies/Procedures
- PKC Adult Welfare & Protection Processes/Policies/Procedures
- ECS Business Management & Improvement Plan actions
- Child Protection Committee
- Adult Protection Committee
- A cycle of annual and 3 yearly improvement plans taken forward by these committees
- Public Protection Co-ordinating Group
- Tayside Regional Improvement Collaborative has established a Priority Group for Safeguarding and Child Protection
- Performance/Governance and risk management & reporting systems

Key Actions

- Chief Officers Group for Public Protection has strengthened role and remit during COVID-19 and approved a new Public Coordinating Group to be established from January 2021 led by the CSWO
- A public protection risk register is closely monitored by the Chief Officers Group for Public Protection and by public protection committees and the key areas of risk have been identified and mitigated
- Annual reports from the Child and Adult Protection Committees will report to Council/IJB
- Quarterly reports from the CPC to Children, Young People & Families Partnership
- Regular internal and external audits of Child and Adult Protection practice and procedures
- Key actions from Learning Reviews are closely monitored and included in the improvement plans of the Child Protection Committees
- Perth and Kinross Integrated Joint Board development event (adult protection) 13 April 2022

Key Controls**Key Actions**

- The Care Inspectorate joint inspection of multi-agency adult protection processes in May/June 2022

Risk Owner: Chief Executive

Risk Actionee: Chief Social Work Officer

Risk Number & Title: SR02 – CLIMATE CHANGE
Sub-Category: Environment

Current Risk Rating: (priority 1, 2, 3 or 4)

PRIORITY 1

Risk Response: (accept, avoid, reduce, transfer, share, enhance, exploit)

SHARE

Inherent Impact (1-5)	Inherent Probability (1-5)	Residual Impact (1-5)	Residual Probability (1-5)
5	5	4	5
Inherent Score:	25	Residual Score:	20

Impact	Critical	5	10	15	20	25
	Major	4	8	12	16	20
	Moderate	3	6	9	12	15
	Minor	2	4	6	8	10
	Insignificant	1	2	3	4	5
		Very Low	Low	Medium	High	Very High
Probability						

As a Result of	There is a risk that	Which Could Lead to
<ul style="list-style-type: none"> A lack of climate leadership and accountability and failure to embed responsibility for action and to effect cultural change across services A lack of resources to properly plan, co-ordinate implement appropriate Council-wide response New, emerging and evolving statutory duties & responsibilities Failure to properly engage with and empower our communities and business to change behaviour and take action. Compartmentalised/siloed approach to task and budget and decisions made with short time horizons. Failure to maximise on opportunities for positive change External Factors such as Increase in Energy Costs 	<p>The actions and decisions of the Council fail to affect the behavioural and cultural change required to mitigate the causes of and reduce the impact of climate change in Perth and Kinross</p>	<ul style="list-style-type: none"> Failure to meet our climate reduction targets and responsibilities, with potential legislative penalties Inflated investment requirements due to not taking early action Damage to Council reputation/loss of public confidence Damage to property and livelihoods across the Council-area Detrimental impact on environmental, health and wellbeing outcomes across our community Missed funding or commercial opportunities Duplication of effort around carbon reduction and climate change Increased Inequalities

Key Controls

- Climate Change and Sustainability Committee
- Climate Change Board
- Climate Change engagement plan
- Climate Carbon Working Groups
- Perth and Kinross Climate Change Commission (in process of being established)
- National and Local KPIs

Key Actions

- Development of updated climate roadmap and clear corporate framework to ease integration of local low carbon activities across PKC and wider community
- Strengthening of climate change communication, reporting & governance structures across all levels of PKC from the Low Carbon Working Group, through Climate Change Board & onto the EELT, ELT, Community Planning partners, Climate Change and Sustainability Committee, & all Elected Members.
- Rescoped role of Climate Change & Smart Investment Manager within Planning & Development

Risk Owner: Executive Director of Communities

Risk Actionee: Investment Manager & Property Service Manager

Risk Number & Title: SR03 – ECONOMIC WELLBEING

Sub-Category: Finance

Current Risk Rating: (priority 1, 2, 3 or 4)

PRIORITY 1

Risk Response: (accept, avoid, reduce, transfer, share, enhance, exploit)

REDUCE

Inherent Impact (1-5)	Inherent Probability (1-5)	Residual Impact (1-5)	Residual Probability (1-5)
5	5	5	4
Inherent Score:	25	Residual Score:	20

Impact	Critical	5	10	15	20	25
	Major	4	8	12	16	20
	Moderate	3	6	9	12	15
	Minor	2	4	6	8	10
	Insignificant	1	2	3	4	5
		Very Low	Low	Medium	High	Very High
Probability						

As a Result of	There is a risk that	Which Could Lead to
<ul style="list-style-type: none"> The current economic climate, including the fallout from the Russia-Ukraine war, global supply chain issues and ongoing uncertainties following withdrawal from the EU Failure to identify relevant factors impacting local economic resilience and develop strategies to support local economy Failure to maximise on opportunities presented through the Tay Cities Deal and other UK/SG funds Debt associated with Covid Failure to continue to resource the delivery of the Economic Wellbeing Plan 	<p>The economy in Perth & Kinross does not grow in an inclusive and sustainable way</p>	<ul style="list-style-type: none"> Increased poverty/inequalities across our communities Rising unemployment or more poorly paid employment and a lack of positive destinations for school leavers Population and economic decline Decline in housebuilding, business expansion and investment Increased demand for services

Key Controls

- Perth and Kinross Economic Wellbeing Plan & Taskforce
- Regional Economy Strategy
- National Strategy for Economic Transformation
- UK Shared Prosperity Fund
- EU Withdrawal Working Group
- SLAED
- Local Employability Partnership
- Tay Cities Deal

Key Actions

- Ongoing monitoring of local economy and data analysis
- Business Barometer Survey
- Implementation and monitoring of the Economic Wellbeing Plan
- UK Shared Prosperity Fund Investment Plan
- Appointment of external funding officers
- Targeted partnership work between ECS and SDS to support school leavers into positive destinations.
- Accelerated delivery of step change projects (e.g., Perth West)

Risk Owner: Executive Director - Communities

Risk Actionee: Head of Planning & Development

Risk Number & Title: SR04 – POVERTY & EQUALITIES

Sub-Category: Finance

Current Risk Rating: (priority 1, 2, 3 or 4)

PRIORITY 1

Risk Response: (accept, avoid, reduce, transfer, share, enhance, exploit)

REDUCE

Inherent Impact (1-5)	Inherent Probability (1-5)	Residual Impact (1-5)	Residual Probability (1-5)
5	5	4	4
Inherent Score:	25	Residual Score:	16

Impact	Critical	5	10	15	20	25
	Major	4	8	12	16	20
	Moderate	3	6	9	12	15
	Minor	2	4	6	8	10
	Insignificant	1	2	3	4	5
		Very Low	Low	Medium	High	Very High
Probability						

As a Result of	There is a risk that	Which Could Lead to
<ul style="list-style-type: none"> The current economic climate and cost of living crisis Low Wage and in work poverty Increases in poverty and food poverty Failure to plan and resource effective interventions to meet changing and increasing needs within our communities 	<p>There will be increased poverty and the inequalities gap within Perth & Kinross will widen</p>	<ul style="list-style-type: none"> An increasing demand for services, including those provided by the HSCP, which the Council may be unable to meet Reduction in Council income A detrimental impact on communities, wellbeing, and achievement of Council strategic aims Pressure on statutory services particularly in public protection, social care and health.

Key Controls

- Local Outcomes Improvement Plan
- Joint Welfare Reform Steering Group
- Service planning, performance monitoring & reporting
- Budget monitoring & reporting
- Equalities Impact Assessments
- Regional Economic Strategy
- Economic Wellbeing Plan
- Public Protection Chief Officers Group
- Welfare Rights engagement and signposting
- Welfare Fund
- Local Child Poverty Action Plan
- Tayside Region Improvement Collaboration (TRIC)
- Perth and Kinross Offer Framework
- Housing and Social Wellbeing Committee

Key Actions

- Delivery of the actions set out within the Perth & Kinross Offer Framework
- Development of actions through Employability, Equalities and Fairness Group (Poverty & Child Poverty, Food and Fuel Poverty, Employability Initiatives)
- Local Outcome Improvement Plans – Follow up actions
- Economic Wellbeing Plan – monitoring and reporting of progress
- ECS BMIP actions relating to tackling poverty
- TRIC Welfare Rights post to support families maximise their income
- Holiday period food/fun activities
- Support to foodbanks/food distribution through Fair Share
- Development of Food Poverty Strategy
- Development of Good Food Strategy
- Additional funds to assist with the cost of living crisis totalling £704,000 Supporting Ukrainian refugees to settle into accommodation
- Assisting 400 households who have expressed an interest in being a host to Ukrainian refugees

Key Controls

Key Actions

Risk Owner: Executive Director - Communities
Risk Actionee: Depute Director - Communities

Risk Number & Title: SR05 – PUBLIC SERVICE DESIGN & DELIVERY

Sub-Category: Reputation & Public Image
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Current Risk Rating: (priority 1, 2, 3 or 4)	PRIORITY 1	Risk Response: (accept, avoid, reduce, transfer, share, enhance, exploit)	REDUCE
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Inherent Impact (1-5)	Inherent Probability (1-5)	Residual Impact (1-5)	Residual Probability (1-5)
4	5	4	4
Inherent Score:	20	Residual Score:	16

Impact	Critical	5	10	15	20	25
	Major	4	8	12	16	20
	Moderate	3	6	9	12	15
	Minor	2	4	6	8	10
	Insignificant	1	2	3	4	5
		Very Low	Low	Medium	High	Very High
Probability						

As a Result of	There is a risk that	Which Could Lead to
<ul style="list-style-type: none"> Failure to engage with and understand the needs of local communities Insufficient population demographics projections Failure to maximise on community connections and goodwill established during COVID-19 Insufficient governance and processes in place to deliver services in partnership with the community Insufficient alignment between ALEO corporate priorities and the Council's wider strategic aims Insufficient understanding by ALEO Boards, officers, Elected Members and PKC staff of the legislative and regulatory framework for ALEOs 	<p>The Council does not design and deliver the sustainable public services that our communities need</p>	<ul style="list-style-type: none"> Increased demand for services A widening of the inequalities gap Detrimental impact on health and wellbeing Failure to deliver better outcomes for our communities Budgets being spent on ineffective interventions Failure to implement duties in relation to the Community Empowerment Act Lack of confidence in Council / reputational loss Inappropriate risks, including financial risks, being taken on by ALEOs Reputational risk to the Council and the ALEOs if service quality reduces

Key Controls
<ul style="list-style-type: none"> Community Planning Partnership Board Local Action Partnerships Budget provisions for Local Action Partnerships Equalities & Community Empowerment Workstream

Key Actions
<ul style="list-style-type: none"> Work is underway to bring together the Perth and Kinross Offer, PKC Corporate Plan and the Local Outcome Improvement Plan (LOIP) as an integrated approach to improving outcomes for local communities. Review of PK Corporate Plan

Key Controls

- The PK Offer framework/Board
- The Transformation and Change Board

Key Actions

- Review of CPP delivery arrangements
- Service BMIP's/Areas for Focus 2022/23
- Participatory Budgeting Processes
- Kinross Inclusion review
- Place Plans further expansion
- Transformation and Change Strategy/Programme
- Revised Communications Strategy
- Finance Strategy

Risk Owner: Executive Director - Communities

Risk Actionee: Head of Innovation

Risk Number & Title: SR06 – INFORMATION SECURITY**Sub-Category: Information Technology & Security****Current Risk Rating:** (priority 1, 2, 3 or 4)**PRIORITY 2****Risk Response:** (accept, avoid, reduce, transfer, share, enhance, exploit)**REDUCE**

Inherent Impact (1-5)	Inherent Probability (1-5)	Residual Impact (1-5)	Residual Probability (1-5)
5	5	5	3
Inherent Score:	25	Residual Score:	15

Impact	Critical	5	10	15	20	25
	Major	4	8	12	16	20
	Moderate	3	6	9	12	15
	Minor	2	4	6	8	10
	Insignificant	1	2	3	4	5
		Very Low	Low	Medium	High	Very High
Probability						

As a Result of	There is a risk that	Which Could Lead to
<ul style="list-style-type: none"> Inadequate cyber defences Poor information management Remote working/revised processes implemented at speed Inadequate financial and personnel resources Inadequate training; lack of awareness; error Technical failure Shadow IT procurement / inconsistent management of security aspects of cloud services / hosted systems Lack of clarity / awareness around hybrid working 	<p>The security (that is, the confidentiality, integrity, availability and resilience) of the Council's data is compromised</p>	<ul style="list-style-type: none"> Significant harm to individuals Irrecoverable loss theft and/or disclosure of data, including third party data Disconnection from PSN Inability to deliver services effectively Loss of IT infrastructure Damage to Council reputation/loss of public confidence Legal claims and/or financial costs and penalties

Key Controls

- 24/7 externally managed Security Operations Centre
- PSN accreditation
- DP Policies/processes/training
- Business Continuity procedures
- Technical and procedural security controls
- Audit and monitoring (including independent auditing)
- EDMS implementation
- Records Management Plan

Key Actions

- Improved technical security measures
- Adoption of automated machine learning / advanced modelling technologies to combat cyber attacks
- Ongoing programme of cyber security training/awareness raising
- Implementation of new phishing simulation / training solution and monitoring for effectiveness
- Monitoring of governance framework for cyber risk
- Annual Cyber Incident Response Plan testing / review feedback from cyber related incidents and exercises
- Guidance for Business System owners re security / data monitoring for cloud solutions
- Improve supply chain security

Key Controls

Risk Owner: Chief Operating Officer
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Risk Actionee: Head of Corporate IT & Revenues, Head of Legal and Governance Services
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Key Actions
<ul style="list-style-type: none">• Monitoring of training uptake• Feed cyber security elements into wider range of Service testing / exercises• Review / revision of ISMS policies, standards and guidance

Risk Number & Title: SR07 – SECURITY & EMERGENCY PLANNING/CIVIL CONTINGENCIES

Sub-Category: Property & Assets

Current Risk Rating: (priority 1, 2, 3 or 4)

PRIORITY 2

Risk Response: (accept, avoid, reduce, transfer, share, enhance, exploit)

REDUCE

Inherent Impact (1-5)	Inherent Probability (1-5)	Residual Impact (1-5)	Residual Probability (1-5)
5	5	4	3
Inherent Score:	25	Residual Score:	12

Impact	Critical	5	10	15	20	25
	Major	4	8	12	16	20
	Moderate	3	6	9	12	15
	Minor	2	4	6	8	10
	Insignificant	1	2	3	4	5
		Very Low	Low	Medium	High	Very High
Probability						

As a Result of	There is a risk that	Which Could Lead to
<ul style="list-style-type: none"> Inadequate emergency/business continuity plans (considering all civil contingencies including terrorist, criminal threats and severe weather events) Lack of training and testing of plans 	<p>The Council is unable to provide an adequate or effective operational response in emergency situations</p>	<ul style="list-style-type: none"> Major incidents not being managed appropriately Failure to deliver essential services Harm to health and wellbeing Failure to meet requirements of Civil Contingencies Act/legislative penalties Financial/data loss Reputational damage/loss of public confidence

Key Controls

- Corporate Emergency Planning & Business Continuity Officer & Emergency Response Duty Officers
- Incident Management Teams
- Business Continuity Plans
- Civil Contingency Plans
- Civil Contingencies Act
- Tayside Resilience Partnership
- Outbreak Management Plan
- Concurrent Events & Covid 19 Plan

Key Actions

- Ensure Civil Contingency Plans are regularly reviewed and tested
- Table-top exercises (risk based)
- Representation on and attendance at appropriate regional and national resilience forums
- On-going engagement with local Community Resilience Groups
- Potential to complete a lesson learned exercise in view of business continuity/response to pandemic

Risk Owner: Chief Executive

Risk Actionee: Head of Business & Resources - Communities

Risk Number & Title: SR08 – FINANCIAL RESILIENCE

Sub-Category: Finance

Current Risk Rating: (priority 1, 2, 3 or 4)

PRIORITY 1

Risk Response: (accept, avoid, reduce, transfer, share, enhance, exploit)

REDUCE

Inherent Impact (1-5)	Inherent Probability (1-5)	Residual Impact (1-5)	Residual Probability (1-5)
5	5	4	4
Inherent Score:	25	Residual Score:	16

Impact	Critical	5	10	15	20	25
	Major	4	8	12	16	20
	Moderate	3	6	9	12	15
	Minor	2	4	6	8	10
	Insignificant	1	2	3	4	5
		Very Low	Low	Medium	High	Very High
Probability						

As a Result of	There is a risk that	Which Could Lead to
<ul style="list-style-type: none"> The current economic climate High levels of inflation Increasing demand for services Reduced financial settlement Reduction in projected income Increased expenditure 	<p>There are insufficient financial resources to deliver the required level and quality of services to our communities</p>	<ul style="list-style-type: none"> Reduction in availability/quality of services Detrimental impact of health and wellbeing Failure to comply with statutory duties Failure to deliver a balanced budget Reputational loss Increase in savings targets and significant reduction in the Council's reserves

Key Controls

- Financial Strategy and Medium-Term Financial Planning process
- Transformation and Change Programme
- Capital Budget
- Treasury Management and Reserves Strategy
- Budget monitoring
- Forecasting/analysis
- Ongoing review of assumptions
- Continuous engagement with management and elected members
- Regular engagement with HSCP, Tayside Contracts & ALEOs
- Budget review groups

Risk Owner: Chief Executive

Risk Actionee: Head of Finance

Key Actions

- Corporate Transformation and Change Programme and Transformation Board established
- Financial Strategy Report to Council in June 2022
- Regular Elected Member briefing sessions will continue, with Capital and Revenue budget updates to Council and SP&R
- Commence work on a forward 3-5 year revenue budget
- Medium Term Financial Plan (2022-2028) to be submitted to Council October 2022
- Annual Governance Statement complete and submitted to Scrutiny in June 2022

Risk Number & Title: SR09 – WORKFORCE

Sub-Category: Human Resource

Current Risk Rating: (priority 1, 2, 3 or 4)

PRIORITY 2

Risk Response: (accept, avoid, reduce, transfer, share, enhance, exploit)

REDUCE

Inherent Impact (1-5)	Inherent Probability (1-5)	Residual Impact (1-5)	Residual Probability (1-5)
4	5	4	3
Inherent Score:	20	Residual Score:	12

Impact	Critical	5	10	15	20	25
	Major	4	8	12	16	20
	Moderate	3	6	9	12	15
	Minor	2	4	6	8	10
	Insignificant	1	2	3	4	5
		Very Low	Low	Medium	High	Very High
Probability						

As a Result of	There is a risk that	Which Could Lead to
<ul style="list-style-type: none"> Inadequate workforce planning (including succession planning, policies & strategies, vacancies management, wage analysis) Ineffective employee engagement Rigid/non-agile practices Failure to develop/train existing staff Lack of support for staff in dealing with additional pressures created by COVID-19 (including issues around uncertainty, wellbeing and mental health, and working from home) Failure to manage demand and capacity pressures arising from key losses of experienced Officers in recent years 	<p>The Council does not have the skilled, motivated, and agile workforce that it requires to ensure the effective delivery of services</p>	<ul style="list-style-type: none"> Failure to deliver strategic objectives Detrimental impact on health and wellbeing Inability to deliver Services in a satisfactory and legislatively compliant manner/non-provision of Services Negative impacts upon staff and service delivery (including decrease in staff wellbeing, high absence, decreased productivity and morale, high staff turnover and skills gaps) Reputational damage/Council being seen as an unattractive employer

Key Controls

- Corporate Workforce Plan 2021-2023
- Remote working guidance and skills for manager to work remotely established
- Workforce planning
- MA & Graduate trainee schemes
- Digital skills team and training
- Leadership skills training
- Organisational development framework, new OD approaches/methodologies
- Wellbeing/resilience/support (including links to partner organisation support resources for care workers)

Key Actions

- Transformation and Change Programme 2022
- Employee Offer Experience
- Working Smarter Project
- Mobilisation plans including new work styles and principles for hybrid working
- Medium to longer term working approach, incorporating support, being developed
- Wellbeing conference
- Refresh Health and Wellbeing Plan

Key Controls

- Employee engagement approaches and pulse surveys
- Leadership and management of change/insights at Senior Management Level

Key Actions

Risk Owner: Chief Operating Officer

Risk Actionee(s): Corporate HR Manager, Head of Innovation
(Organisational Development)

Risk Number & Title: SR10 – ASSET MANAGEMENT

Sub-Category: Property & Assets

Current Risk Rating: (priority 1, 2, 3 or 4)

PRIORITY 2

Risk Response: (accept, avoid, reduce, transfer, share, enhance, exploit)

REDUCE

Inherent Impact (1-5)	Inherent Probability (1-5)	Residual Impact (1-5)	Residual Probability (1-5)
4	4	4	3
Inherent Score:	16	Residual Score:	12

Impact	Critical	5	10	15	20	25
	Major	4	8	12	16	20
	Moderate	3	6	9	12	15
	Minor	2	4	6	8	10
	Insignificant	1	2	3	4	5
		Very Low	Low	Medium	High	Very High
Probability						

As a Result of	There is a risk that	Which Could Lead to
<ul style="list-style-type: none"> Ineffective asset management planning Inadequate budgeting & failure of planning and investment Failure to respond appropriately to H&S concerns raised through national enquiries/reports Deterioration of assets through lack of planned maintenance/severe weather events Failure to capitalise on opportunities/new ways of working presented by COVID response Failure to adhere to legislation/statutory requirements 	<p>Council buildings and other assets are not safe, fit for purpose or providing best value</p>	<ul style="list-style-type: none"> Breach of statutory duties Increased costs due to insurance claims and maintenance Increased health & safety risks (injury/fatalities) Impacts upon Service delivery Increased costs Legal claims/ financial penalties

Key Controls

- Capital Investment Programme
- Structural Condition Surveys
- Partnership Arrangements with Scottish Fire and Rescue Service
- Maintenance Programmes (reactive, planned and statutory compliance)
- Learning Estate Strategy
- School condition & suitability surveys
- Asset management performance information

Risk Owner: Executive Director – Communities

Risk Actionee(s): Head of Property, Head of Housing, Head of Environmental & Consumer Services, Head of Business & Resources – ECS, Head of Business & Resources - Communities

Key Actions

- Asset Management/Investment Blueprint process
- Status and option reports for core assets
- Asset management plans
- Estate management plans
- Capital investment plans
- Re-establishment of Corporate Asset Board

Risk Number & Title: SR11 – HEALTH & SAFETY**Sub-Category: Legislation & Compliance****Current Risk Rating:** (priority 1, 2, 3 or 4)**PRIORITY 3****Risk Response:** (accept, avoid, reduce, transfer, share, enhance, exploit)**ACCEPT**

Inherent Impact (1-5)	Inherent Probability (1-5)	Residual Impact (1-5)	Residual Probability (1-5)
4	4	4	2
Inherent Score:	16	Residual Score:	8

Impact	Critical	5	10	15	20	25
	Major	4	8	12	16	20
	Moderate	3	6	9	12	15
	Minor	2	4	6	8	10
	Insignificant	1	2	3	4	5
		Very Low	Low	Medium	High	Very High
		Probability				

As a Result of	There is a risk that	Which Could Lead to
<ul style="list-style-type: none"> Increased demands and pressures created by operating in context of COVID-19 Health & Safety implications of hybrid working Lack of understanding and application of regulations/legislation Under-investment in training and controls Ineffective monitoring, reporting and response 	The health and safety of staff and the public is not adequately protected	<ul style="list-style-type: none"> Potential injury/fatality Poor mental wellbeing Poor working environment and work life balance Breach of statutory duties Prosecution/fines Reputational damage/loss of confidence

Key Controls

- Management and staff training and communication
- Robust Corporate Occupational Health & Safety Policy with supporting arrangement and guidance documents
- Corporate Health & Safety Team – competent Health and Safety advice and support
- Health & Safety Employee Joint Consultative Committee and Service based Health and Safety Committees
- Safe Systems of Work
- Partnership working with Director of Public Health ongoing
- Health & Safety Joint Consultative Committee

Key Actions

- Increased capacity created within Corporate Health and Safety team aimed at Operational Services
- Implementation of Occupational Health and Safety policy and supporting topic specific arrangements
- Health & Safety Key Performance Indicators at both Corporate and Service levels
- Monitoring and auditing of health and safety practices and procedures both by Management and Corporate Health & Safety Team
- Continual review of risk assessments, safe systems of work and working environments
- Introduction of new digital Corporate Health and Safety management system to allow monitoring and reporting of health and safety

Risk Owner: Chief Executive**Risk Actionee:** Head of Environmental & Consumer Services

Key:

Exposure Rating

Risks are prioritised as to where they fall on the Risk Scoring Grid:

- **Priority 1** Risk remains extreme even after all identified controls and treatments have been applied. There are significant risks, which may have a serious impact on the Council and the achievement of its objectives if not managed. Immediate management action needs to be taken to reduce the level of risk.
- **Priority 2** There are significant risks, which may have a serious impact on the Council or Service and the achievement of its objectives if not managed. Immediate management action needs to be taken to reduce the level of risk.
- **Priority 3** Risk is manageable after controls have been applied. Although usually accepted, these risks may require some additional mitigating to reduce Probability if this can be done cost effectively. Reassess to ensure conditions remain the same and existing actions are operating effectively.
- **Priority 4** Appropriate controls keep the risk low / negligible. These risks are being effectively managed and any further action to reduce the risk would be inefficient in terms of time and resources. Ensure conditions remain the same and existing actions are operating effectively

