

AGENDA ITEM 6

CENTRAL SCOTLAND VALUATION JOINT BOARD

Subject: Risk Assessment Report
Meeting: Central Scotland Valuation Joint Board
Date: 19th June, 2015
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1.0 Introduction

In February 2012 the Joint Board approved the Risk Management Strategy. It is good practice to review the strategy on an annual basis. The strategy, in appendix 1, was slightly amended in June 2013 to make it clear that the same strategy would be adopted in specific projects undertaken as well as for the general organisation risks.

2.0 Review of Strategy

The main purpose of the strategy is to identify potential risks before they occur, to then establish the potential consequences and finally determine the nature of the Joint Board's response to those risks. There are very good management and operational reasons for having such a strategy. It allows the Management Team time to carefully consider and evaluate risks before they occur, make informed decisions on what resources and actions are required and the priority to be given to those actions. This ensures good strategic planning of resources resulting in financial and operational efficiency. Having reviewed the strategy I am proposing that only a very minor amendment is required to it this year. The amendment is simply to replace Depute Assessor with Assistant Assessor. This reflects the revised Management Structure approved by the Board at its meeting in March 2015

3.0 Recent Amendments to Identified Risks

The latest Risk Analysis for all general risks with initial "Risk Score" of 4 or more are shown in the appendix 2 along, with any recent changes to "Existing Controls" or "Required Actions". The recent changes are shown in red text.

4.0 Recommendations

- 4.1 It is recommended that the Valuation Joint Board notes the risk strategy.
- 4.2 It is recommended that the Valuation Joint Board note the current general risk assessment analysis for all functions.

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Pete Wildman
10 June, 2015

Appendix

- 1. Risk Assessment Strategy
- 2. Extract from General Risk Analysis



RISK MANAGEMENT STRATEGY

June 2015

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1. **INTRODUCTION**

Risk management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling them. The aim is to reduce the frequency of risk events occurring (wherever this is possible) and minimise the severity of their consequences if they do occur.

Risk management offers a number of benefits. It is not simply about insurance or health and safety risks. Rather, effective risk management will provide the Valuation Joint Board with a means of improving its strategic, operational and financial management. It can also help to minimise financial losses, service disruption, bad publicity, threats to public health or claims for compensation.

Risk management is a key task for managers in every organisation. In local government, identifying and evaluating the consequences of policies or actions is not always referred to as risk management. However, failure to pay proper attention to the likelihood and consequences of risks could cause the Joint Board serious problems. The effective management of risk is therefore a critical part of the Joint Board's approach to delivering the sound governance element of Best Value.

Risk management is an integral to policy planning and operational management. Identifying, analysing, controlling and monitoring risk will help elected members and managers make informed decisions about the appropriateness of adopting policy or service delivery options.

This is Central Scotland Valuation Joint Board's Risk Management Strategy. It sets out policy in respect of business risk and provides a framework to structure the approach taken in the analysis of risks for each project that the Assessor and ERO undertakes

2. POLICY CONTEXT

Central Scotland Valuation Joint Board aims to provide high quality, effective and responsive services to all of our stakeholders.

In order to achieve this the Valuation Joint Board is committed to the management of risks within its control in order to safeguard its employees and service users, protect its assets, preserve and enhance service delivery and maintain effective stewardship of its funds.

3. AIMS AND OBJECTIVES OF THE STRATEGY

The aims and objectives of the strategy include:-

- Identification of risks
- Quantification of risks
- Control of risks
- Financing of risks

4. SCOPE OF THE STRATEGY

All risks associated with

- services
- staff
- assets
- infrastructure
- systems
- stakeholders

will be included in the risk management process. Risk management is a continuous process that will incorporate all strategic and operational risks. Categories of strategic and operational risks are defined in Appendix 1.

5. PROCESS AND METHODOLOGY

To manage risk effectively, the risks associated with each policy option or service delivery method needs to be systematically identified, analysed, controlled and monitored.

In line with these requirements, a four stage approach to risk management will be adopted. This approach will also be adopted for specific projects undertaken as well as for the general organisation risks.

5.1 Approach

5.1.1 Risk Identification

For each category in Appendix 1, actual losses and failures which have occurred as well as those which might threaten the Joint Board will be identified and listed in a Risk Register.

5.1.2 Risk Analysis

Each risk identified will be systematically and accurately assessed. The process will assess

- the probability of a risk event occurring, and
- the potential severity of the consequences should such an event occur.

Using managers' experience, judgements will be made about the likelihood and severity of events occurring and these will be categorised as low, medium or high risk.

The probability and severity will then be assessed together using the formula

$$\text{Risk} = \text{Likelihood of occurrence} \times \text{Severity}$$

Risks will then be prioritised for control action.

5.1.3 Risk Control

Actions will be taken or planned to minimise the likelihood of the risk occurring or the severity of the consequences should it happen. This may require the identification and implementation of projects or revisions to operating practices. The appropriate action may be to transfer risk to another body or to accept the risk.

5.1.4 Risk Monitoring

The effectiveness of any actions or amendments to operating practices must be monitored and reviewed and the nature of risks will be assessed for change over time.

5.2 Risk Register

- The Assessor and ERO's Management Team will be responsible for developing and maintaining a general risk register.
- Each project undertaken will include a risk assessment specific to that project
- The general risk register will be reviewed by the Management Team at their regular meetings.
- Significant updates to risk registers will be reported to the Joint Board.
- The Assessor and ERO will have overall responsibility for the general risk register.

6. ROLES AND RESPONSIBILITIES

	Role
Elected Members	Oversee the effective management of risk by officers of the Joint Board
Assessor and ERO	Ensure that the Joint Board manages risk effectively through the development, implementation and review of a risk strategy. Overall responsibility for the development and maintenance of a risk register Report risk register to Joint Board
Management Team	Input into the development, implementation and review of a risk strategy. Input into the development and maintenance of a risk register To ensure risk is effectively managed across all areas of the Joint Board's functions Organise relevant training and raise awareness of the risk strategy. Monitor and Review success of risk control actions and procedures.
Assistant Assessor	To work with Councils and outside agencies on insurance issues.
Line Managers	Assist in the implementation of the risk management strategy across relevant area of function
Employees	Make every effort to be aware of situations which place themselves, others or service delivery at risk and report hazards. Provide information on any risks or hazards to Management Team for inclusion within risk register.
Council Services	Provide assistance, advice and training on budgetary planning and control. Provide assistance and advice on insurance and risk. Assist in the handling of any litigation claims. Negotiate insurance cover?
Office Manager	Advise on any health and safety implications of the chosen or preferred arrangements for service delivery

7. IMPLEMENTATION

Implementation of this policy will include the following:-

- A risk assessment register will continue to be maintained
- An annual review of the risk management strategy will be carried out and presented to the Valuation Joint Board.

8. FINANCING RISK

Risk financing is an important element of risk management. The purpose is to reduce the total cost of risk, which includes;

- The amount of uninsured losses met by the Joint Board's funds
- Insurance premiums for the external insurance cover obtained
- Excesses applied to individual claims
- Management and administration costs associated with risk and insurance
- The cost of preventative measures taken to reduce risk.

In major initiatives and partnerships the cost of risk will be shared as far as is possible.

Revenue budgets will carry the costs relating to risk prevention and loss.

APPENDIX 1

Strategic Risks are hazards and risks which need to be taken into account in judgements about the medium to long term goals and objectives of the Valuation Joint Board. These may include:-

Risk Category	Definition
Political	Those associated with failure to deliver either local/central government policy.
Economic	Those affecting the ability of the Joint Board to meet its financial commitments, including budgetary pressures, failure to purchase adequate insurance cover and changes in the economy.
Social	Those relating to the effects of changes in demographic, residential or socio-economic trends on the Joint Board's ability to deliver its services
Technological	Those associated with the Joint Board's capacity to deal with the pace/scale of technological change, its ability to use technology to address changing demands, or the consequences of failure of technologies on the Joint Board's ability to deliver its services.
Legislative	Those associated with current or potential changes in national or European law. Those associated with failure to meet statutory duties
Environmental	Those related to the environmental consequences of delivering the Joint Boards services.
Competitive	Those affecting the competitiveness of the service in terms of cost or quality
Customer/Citizen	Those associated with failure to meet the current and changing needs, expectations and aspirations of customers and services

Operational Risks are hazards and risks which managers and staff will encounter in the daily course of their work. These may include:-

Risk Category	Definition
Professional	Those associated with the particular nature of each profession
Financial	Those associated with financial planning and control and the adequacy of insurance cover
Legal	Those related to possible breaches of legislation
Physical	Those related to fire, security, accident prevention and health & safety
Contractual	Those associated with the failure of contractors to deliver services or products to the agreed specification and cost and within agreed timescale.
Technological	Those related to reliance on operational equipment (e.g. IT systems etc)
Environmental	Those related to pollution, noise or energy efficiency of ongoing service operation.

Appendix 2

Risk No	Category	Risk Description	Existing Controls	L	S	Risk Score	Required Actions	Residual Risk	Person(s) mainly responsible	Timescale "continuous/ ongoing" unless otherwise noted	Main function
77	Customer/ citizen/ legislation	Election during canvass	The "churn" caused by canvass activities is increased by political activity - e.g. poll cards will be based on out of date register but political activists will be indentifying the same changes that the canvass forms are designed to identify potentially confusing the elector.	2	3	6	The introduction of IER and interim updates prior to an election eases the pressures somewhat but the issue of poll cards being issued on older data remains but to a lesser degree. Proactive measures to identify new electors without waiting on the canvass also mitigates this risk	4	ERO	ongoing	Electoral
79	External	IT Supplier not having a Business Continuity Plan in place resulting in loss of IT System	High possibility of serious error affecting all users- mitigated by mirroring and backups but it requires all users to report errors quickly	2	3	6	Check at tender stage that all critical suppliers have a BCP in place. If an existing Contractor does not have one in place, then request that they do so. If that is not possible then look to switch supplier	4	Assessor & Office Manager	ongoing	all
80	Political	Introduction of Individual Registration increasing costs of canvass	Monitor and react to proposals for individual registration - keep involved in Electoral Commission and Cabinet Office groups planning the introduction . Close liaison with other EROs and Cabinet Office through AEA and SAA. Due to a high match rate at CDR our funding was lower than initially anticipated	2	3	6	Extra funding received from Cabinet Office but due to the fact that the new system is untried it is prudent to keep money in reserves in case of a shortfall. Close monitoring of spend as canvass progresses	4	ERO	Ongoing	Electoral
81	Technological	Misuse of data/internet	Use of computers,email, and internet policy approved by Board and explained to staff in 2005 and has been part of induction for new staff since then. All staff sign acceptance of policy before getting access to systems. Confidentiality Agreements in place. Data Protection training provided on an annual basis User logs and permissions are	2	2	4	Although encryption techniques are used and have been succesful there is a risk of data loss in dealing with legally entitled recipients who are not familliar with such security. Strict checking processes are followed before data is released. Document handling policy	4	Office manager (for new staff) Depute ERO and Assistant Assessor for external.	Ongoing	All

Risk No	Category	Risk Description	Existing Controls	L	S	Risk Score	Required Actions	Residual Risk	Person(s) mainly responsible	Timescale "continuous/ongoing" unless otherwise noted	Main function
82	Technological	Loss of programming capability	In House IT Team. Ensure training is kept up to date in programming capability - IT Workload is closely monitored through IT Working Group. Support contract with third party in place	2	2	4	Review IT support contract to ensure it continues to be fit for purpose. Ensure that programming continues to be fully documented and that we employ two programmers for resilience	4	Assessor/IT Team/ITWG		All
83	Technological	Loss of systems administration capability	In House IT Team. Documented procedures, external support contract in place	2	3	6	Review support contract to ensure it provides correct cover. Periodically review documentation, no delay in filling any vacancy	4	Assessor/IT Team/ITWG		All
84	Legislative	Change to method of financing Local government	Monthly meeting with accountant (office manager and/or Assessor). Awareness of and input to government policy through SAA	2	2	4		4	SAA		Valuation
85	Professional	Reliance on any one individual for particular functions	Review of working practices and manuals to eliminate bottlenecks where the skills or expertise of one person is relied on. <u>Valuation:</u> Assessor and all statutory Deputies are members of the SAA and influence national working practices through the SAA Committee system. Information from these Committees and groups is shared. The Assistant Assessor reviews performance and practice after each VAC hearing (currently in 2015 - two monthly). Principal and Senior Valuers are on SAA Working Groups	2	2	4	Ensure all office processes are documented and good records management regime is in place	4	Assistant Assessor	Late 2016	Valuation

Risk No	Category	Risk Description	Existing Controls	L	S	Risk Score	Required Actions	Residual Risk	Person(s) mainly responsible	Timescale "continuous/ ongoing" unless otherwise noted	Main function
86	Customer/ citizen	Insufficient staff/time to deal with registration applications received close to the 12 day deadline - for instance large numbers of postal vote applications delivered to the office close to the deadline by one or more political parties. IER online verification system does not work	The risks of late rush are in any case mitigated by proactivity in registration and in postal voting publicity. Team Leader will keep informed of activity by parties and advise ERO accordingly.	2	2	4	There is sufficient staff available over the whole period, including late working at specific times. However, if there is a spate of illness or epidemic, we will re-allocate the workload to non electoral staff that have EROS access for scanning purposes and train them in part of the registration process. Postal Voting timing can be a particular risk because printers operate a queue system and any delay will lose a place in the queue. RO's staff have been requested to ensure realistic timetables are agreed when print contracts are agreed. Candidates and agents will be encouraged to use the Electoral Commission form from the aboutmyvote site and specifically discouraged from using photocopies of any form. All parties should be reminded (via PPP) of the EC guidance on quick return of form to the ERO . Any local party or agent thought to be breaching these rules should be referred to the ERO. (See specific election risk register) Develop a contingency verification process ahead of the introduction of IER	4	ERO/Depute ERO	Ongoing	Electoral
87	Customer/ citizen/ legislation	timing of registers and av lists to parties can cause unnecessary work at election time which may interfere with other timetables	Parties/ Permitted Participants and Designated Organisations may ask for lists and registers at any time in the run up to the election	2	2	4	We will continue to try to agree dates prior to every election with political parties re the availability of registers and AV lists at 2 or 3 set dates. this is done in conjunction with SAA, EC and EMB where possible. By ensuring candidates make arrangements to collect paper copies from only from Hillside House this has reduced the number of copies requested (which were never collected) Paper copies are only printed immediately prior to collection.Many data copies are still never "collected" as passwords never requested to access.	4	ERO	Sep-14	Electoral
88	Customer/ citizen	Local Election during canvass (including Community Council)	Staff from Information Team and Office Services have been seconded to Electoral Team during 2011 and are more aware of electoral work due to training received. ERO considers sufficient cover to deliver a local government election and maintain canvass timetable as this was delivered in 2009.All RO's requested to supply details of all potential CC elections prior to database being	2	2	4		4	ERO	annually September	Electoral
89	Technological	Software becomes obsolete/ inefficient	Expertise within IT Team - continuously review software capabilities and staff needs. IT training organised in line with other training/development	2	2	4	Set up intra office working groups to allow improved communication between users and IT Team. Regular review of IT Team's training needs. Software maintenance agreements kept in place for key systems	4	ITWG group		Valuation

Risk No	Category	Risk Description	Existing Controls	L	S	Risk Score	Required Actions	Residual Risk	Person(s) mainly responsible	Timescale "continuous/ongoing" unless otherwise noted	Main function
90	Environmental	Inefficient use of resources	Regular meeting with accountant and Office manager. Joint Framework agreement agreed. Use tendering where appropriate.	2	2	4	Closer liasion and working with Clackmannanshire Council Procurement Services	4	Assessor/Management team		All
91	Financial	Lack of funds/budget cuts	Regular meeting with accountant and Assessor . Early preparation of Budget - 3 year budgeting	3	2	6	Later overview involving Senior Accountant and Assessor. Ensure that sufficient key staff are retained to deliver services. Ensure limited respurces are used optimally. Ensure Board is awre of its stautory duty to fund the Assessor and ERO to carry out his statutory duties	6	Assessor		All
	Legal/political	Court Action by Prisoners in run up to elections	establish "Caveats" with all local Courts and Court of Session	2	2	4		4	ERO		Electoral

Risk No	Category	Risk Description	Existing Controls	L	S	Risk Score	Required Actions	Residual Risk	Person(s) mainly responsible	Timescale "continuous/ ongoing" unless otherwise noted	Main function
92	External	Late direction by EMB (or as in 2011 by Electoral Commission). Potential conflict if EMB requirements conflict with arrangements already agreed with printers, ERO's etc	Membership of EMB (directly or through SAA) to influence and keep in touch with possible late changes	2	2	4	Continued membership of AEA and SAA to ensure input can be made to EMB decisions. Close working with local ROs	4	ERO		Electoral
93	External	Out of date Corporate Address Gazetteer resulting in moving away from electoral data standards goals	New Council Tax properties are added to CT and EROS systems with CAG numbers. New Non Domestic properties are added to Best Value with CAG numbers	2	2	4	We will continue to assist CAGs with data from our systems to aid in their awareness of completeness of individual properties and verification of addresses	4	Assistant Assessor and Depute ERO		Electoral
94	Technical	Alterations to IT systems in the run up to an election	Work with software and hardware suppliers to ensure that there are no planned alterations in the run up to an election/referendum	2	3	6	Critically risk assess any unplanned updates to ensure that the delivery of the election/referendum is not compromised	4	ERO/Depute ERO/Systems Administrator		Electoral
	political/legal	Failure to maintain PSN accreditationf IER	Close working with Cabinet Office and other VJBs. Close monitoring of PSN compliance and early identification of issues. Close working with ROs	2	3	6	Use CLAS consultant	4	ERO/Systems Administrator		Electoral
95	political/legal	Conflict between the requirements for the introduction of IER and the delivery of the Elections	Close working with Cabinet Office, Software suppliers and other VJBs. Close monitoring of progress and early identification of issues. Close working with ROs	2	2	4	Close working with SAA & AEA to ensure issue is raised at EMB and with Cabinet Office, Scottish Government and software suppliers. Ensure that Elections are not impacted	4	ERO/Depute ERO	Ongoing	Electoral
96	Customer/ citizen	AV list for Returning Officers/printers	This is a major pressure point and there has to be early engagement with RO staff well before the election is called. If possible be involved at an early stage of negotiation between RO and printer regarding timing, but they are ultimately the ROs' decisions. Following these early discussions arrange for sufficient staff and other resources to be available as required (including overtime and IT resources) but also it is important to consider emergency scenarios, and the possibility of late rearrangements resulting from national discussions (see election risk/contingency plan for any upcoming elections)	2	3	6	There are several ways to approach AV lists from an emergency scenario point of view, but the exact arrangements depend on the required final provision of the AV list. In all cases however, AV lists should be kept up to date and saved (or supplied to printers) on an incremental basis so that a system, power, or building failure even on the last day will not require a complete re-start, and any need for manual processing of pull outs and supplementary lists is minimised. As part of this a full read-in check of the standing list should be carried out well before the election as there will not be time to do this later. A supplementary check of additions can be carried out nearer the election. Occurrence of an epidemic can be mitigated by re-allocating the workload to non electoral staff that have EROS access for scanning purposes and train them in appropriate parts of the registration process. Access to any part of the system which can be used (by any user) to amend the AV lists should be tightly restricted by the administrator as soon as an election is likely.	4	Depute ERO	Review Early 2016	Electoral

[illegible]