

Annex 4

Development and Infrastructure - Service Risk Register 2018/19
Operational Risks

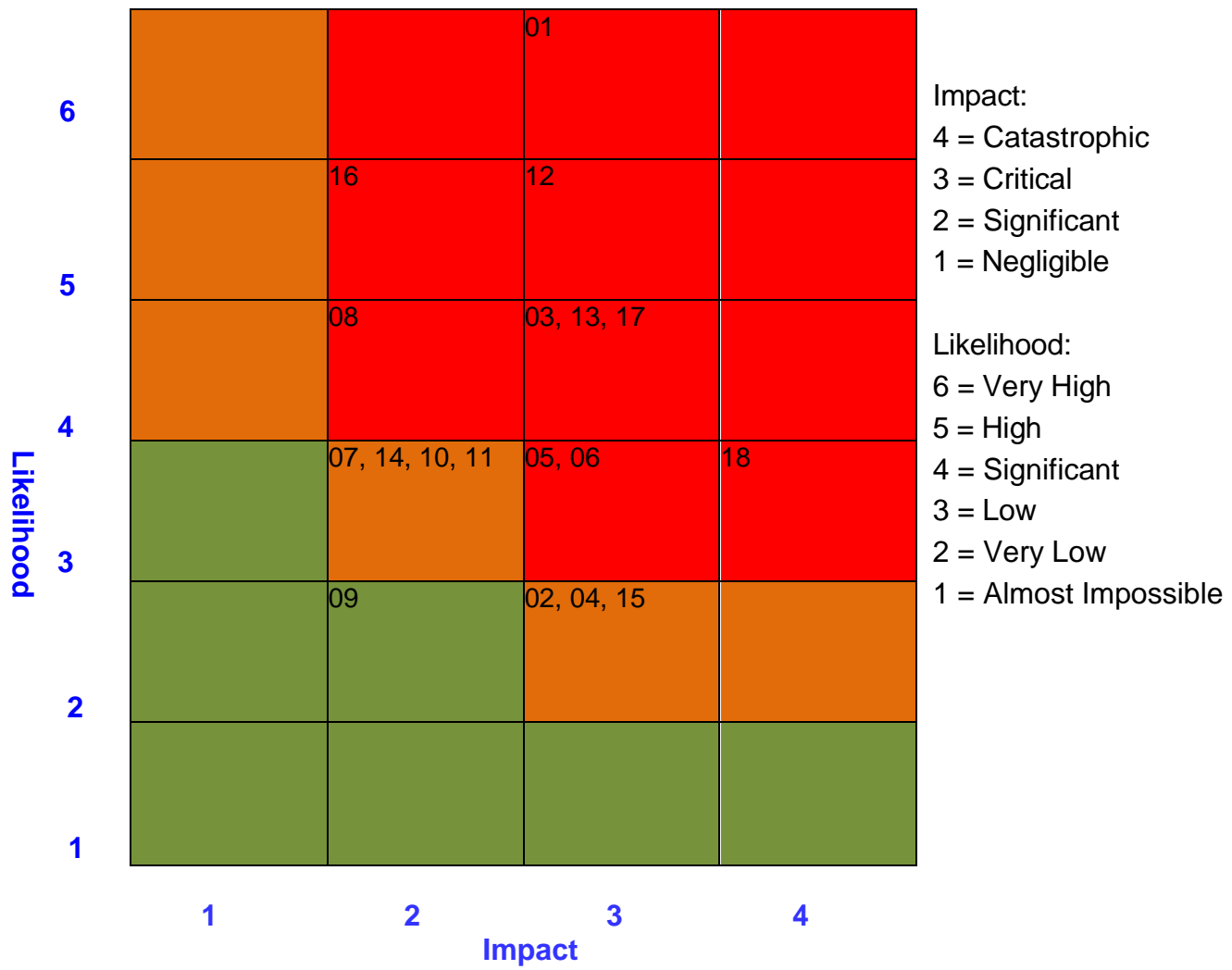
Cluster	Risk ID Number	Owner
Financial	3	Head of Infrastructure and Strategic Projects
Financial	13, 14, 15, 16	Executive Director of Development and Infrastructure
Staffing	5, 15, 16	Executive Director of Development and Infrastructure
Economic Recovery and Sustainability	2	Head of Marine Services, Engineering and Transportation
Economic Recovery and Sustainability	7	Executive Director of Development and Infrastructure
Economic Recovery and Sustainability	6	Executive Director of Development and Infrastructure
Political		
Partnerships		
Governance		
Communication		

TOTAL NUMBER OF OPERATIONAL RISKS ON REGISTER = 9
Strategic Risks

Cluster	Risk ID Number	Owner
Financial	12	Head of Marine Services, Engineering and Transportation
Financial	11	Head of Planning, Development and Regulatory Services
Financial	17, 18	Executive Director of Development and Infrastructure
Staffing		
Economic Recovery and Sustainability	1	Head of Planning, Development and Regulatory Services
Political		
Partnerships	4	Head of Planning, Development and Regulatory Services
Governance		
Communication		

TOTAL NUMBER OF STRATEGIC RISKS ON REGISTER = 9

Risk Matrix



JUNE 2017

Risk Title	Likelihood	Impact	RAG	Current risk	Target risk	Vulnerability	Trigger	Consequences	Mitigating action/s
01 – EU policy reforms.	6.	3.	Red.	18.	6.	BREXIT presents an as yet unknown risk to existing, established Policy and support for a range of sectors in Orkney.	Risk for substantial change across a range of sectors for example cut in direct payments to farmers post 2013. Market price adjustments fail to compensate for subsidy cuts. Further quota and days at sea restrictions plus increased regulation of inshore fishery Threaten the viability of fishing industry.	Lack of incentives could lead to falling production of livestock and crops and change the Orkney landscape; reduced fishing effort; loss of employment in key economic sectors. Lack of capital investment funds.	01.1 - In partnership with other Highlands and Islands local authorities and other stakeholder organisations, the H&I Partnership and H&I Agricultural Support Group (HIASG) are engaged in on-going discussions with the Scottish Government and is lobbying Ministers and parliaments at all levels. 01.2 – Engagement with the Scottish Seafoods Producers Organisation and Scottish Government. 01.3 - Monitoring BREXIT process through OIC EU team and COSLA representation.

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02 - Airfield closure or non-conformity.	2.	3.	Amber.	6.	6.	Insufficient plans in place to ensure delivery of training and exercises take place. The Council may not have sufficient funds to sustain assets, replace ageing assets and develop key assets. Difficulty of staff recruitment in some areas.	Failure to carry out training of staff. Insufficient resilience of staff – singleton posts. Changed standards for runways, facilities and equipment. Material deterioration of runways. Shortage of staff to muster fire team for any island.	Failure to provide a service to the outer islands of Orkney; Airfields deteriorate; plan/vehicles deteriorate; scarce resources; reputational risk to Council; closure of islands airfields.	02.1 – Improved training and exercise programme. 02.2 – Plant and vehicle replacement programme. 02.3 - Recruitment drive for new employees and review of terms and conditions. 02.4 - Airfield inspection and maintenance programme and introduction of Airfields Strategy. 02.5 – Delivery of the Airfields investment plans for runways, buildings and plant.

Risk Title	Likelihood	Impact	RAG	Current risk	Target risk	Vulnerability	Trigger	Consequences	Mitigating action/s
03 – Affordability of Waste collection and disposal.	4.	3.	Red.	12.	4.	<p>The Council may fail to deliver the AWC (Alternate Weekly Collection) service to the outer islands in Orkney.</p> <p>The risks are all in context of significant service cuts of circa £65k per annum against current deficit in excess of £200k.</p> <p>There is also an additional focus in the new Council Plan on new activities e.g. plastics.</p>	The Council fails in the delivery of this service to the outer islands in Orkney.	Council will not be able to close the gap towards meeting the Government targets for recycling 70% by 2020.	03.1 – Ongoing programme of review, in particular AWC (alternate weekly collection). Round review for efficiencies, linked to commercial trade waste rollout. Preventative spend proposal for funding gaps. Progress is also being made on efficiencies through the Change Programme to improve recycling and commercial waste roll out.

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						Loss of income generated through the sale of recyclates due to changes in international markets which leads to additional storage costs.			03.2 – Secure strategy support officer for awareness raising and targeting. 03.3 – Chinglebraes Replacement Project. Interim maintenance is within the 2016/17 capital replacement programme. Permanent replacement solution in development for 2021/22 going forward for CPA consideration in 2016/17. 03.4 – Re-negotiations with Shetland on disposal cost to disposal cost to increase certainty of expenditure.

Risk Title	Likelihood	Impact	RAG	Current risk	Target risk	Vulnerability	Trigger	Consequences	Mitigating action/s
04 – Public health and safety protection.	2.	3.	Amber.	6.	6.	The Council has limited staffing resources to be able to respond to a major public health incident. It has to be recognised that within a small team there will always be capacity issues when a significant incident arises. There is a need for close co- ordination with NHSO.	A major animal, food or other public health disease outbreak.	Council cannot manage within its resources; immediate impact on individuals, families, friends and staff members involved in the incident; possible legal proceedings and associated costs; community resources unable to cope with scale of events; Council's reputation at risk.	04.1 – Regular Review and scrutiny of operational plans. 04.2 – Effective partnership working with NHSO. 04.3 – D& I Protocol for dealing with major Public Health & Safety incidents. 04.4 Staffing establishment – full complement of competent officers (qualified, trained, experienced and appropriately authorised). 04.5 Port Health – Maintain training programme with National Health Service Orkney. Up-date to go to MOWG before the end of 2018.

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									04.6 – Agreement in place with NHSO to undertake annual update to the Port Health Guide and to meet every February to discuss and agree.
05 – Workforce Planning.	3.	3.	Red.	9.	6.	The Council may have insufficient training plans in place and ERDs (employee review development) not carried out regularly. Lack of proper training Including career grade plans/ apprenticeships will impact on the Service in the future. Workforce Plans were approved through Committee in March 2017.	The Council does not have fully trained staff, in the right place, at the right time, to deliver set priorities and/or statutory functions.	Council cannot manage with an untrained workforce. Existing workforce becomes demoralised; service standards drop; an increased risk of non-compliance with changes in legislation, practices etc.	05.1 – Appropriate systems in place to measure competency and ensure training and people development is undertaken as required. With a particular focus on statutory services. 05.2 – Workforce Plans implemented within teams.

Risk Title	Likelihood	Impact	RAG	Current risk	Target risk	Vulnerability	Trigger	Consequences	Mitigating action/s
06 – Project delay or failure.	3.	3.	Red.	9.	9.	The risk of insufficient financial and/or staff resources, to meet current and future demand, makes it difficult for the Council to realise its priorities.	The Council's inability to deliver essential services. A critical person or element fails and no replacement is ready, e.g. through long term illness or a mechanical failure. Industrial action. Aircraft failure.	Council cannot manage within its resources; existing workforce becomes overstretched and demoralised; lack of people to take appropriate decisions or actions; 24/7 service compromised. Council's reputation at risk; extended times to repair; no resilience to cover long running emergencies; rapid vulnerability to industrial action; loss of service/closure of facilities – high costs of alternatives if requested to buy in services from out with Orkney.	06.1 – Ensuring appropriate consideration of pressures during capital and revenue budget setting and most efficient use of existing resources. 06.2 – Establish additional project specific staff and budget resources to ensure new project delivery where required.

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07 – Higher fuel costs.	3.	2.	Amber.	6.	6.	The Council faces challenges because of the volatility of fuel costs. The running costs for plant and vehicles, aircraft, buses, ferries, tugs, etc. is directly affected by the cost of fuel. This is particularly challenging for contracted services where the Council is obliged to honor agreements.	The Council has a large increase in fuel costs.	Council is reactive rather than proactive: Roads: increased costs could mean a reduced service. Ferries: increased costs means a reduced service. Bus routes may become non-viable. Air Public Service Obligation – Council carries 95% of fuel risk – may become non-viable. Council calls on contingency and/or contingency reserve for fuel ties in funds which may or may not be required. Tugs: minimise use.	07.1 – Fuel surcharge levy has been used in past to recoup money for ferry and tug operation. 07.2 – Incentives for cheaper supplies. 07.3 - Encourage lower fuel usage; contingency. Migration to low energy vehicles and other alternative fuels. 07.4 - Fuel cost risk held by bus operators. 07.5 – Capital project development of renewables to offset energy consumption (electricity rather than oil) through Council owned renewables project and properties.

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08 – Continued lack of Scottish Government support for costs of concessionary travel on ferries.	4.	2.	Red.	8.	4.	The Council may not have sufficient funds for dealing with concessions on Ferries, Air and dial a bus. This vulnerability is also increasing due to the increased ageing population.	Ageing population. Reducing Scottish Government proportion of grant/ Scottish Government 'pot is capped.	Vulnerable people left without ability to meet basic needs; budgets inadequate due to reduction in government support.	08.1 - Outwith Local Authority control – reimbursement of over 60/disabled NEC tax paid by the Scottish Government. 08.2 - STAG Project/Fair Funding activity.
09 – Risk of reduced income from business activities from Quarries Budget overspend due to self-financed strategy which relies on income generation.	2.	2.	Green.	4.	4.	The Council Quarry has also been a significant income resource which has been applied to a self-financing budget approach within D&I This is market dependent and availability of infrastructure.	Change in local market for quarry goods.	Lack of availability of quarry products for Council projects. D&I self-financed budget strategy leading to over spend.	09.1 - Continue to invest in quarry infrastructure and expansion potential.
10 – Risk of reduced income from business activities from Harbours Budget overspend due to self-financed		2.	Amber.	6.		The Council has become increasingly reliant on the oil industry and cruise liners. Income to maintain Marine Services	The Council fails to identify and exploit new markets /income streams. Cruise ships reduce. Oil revenues worsen.	Failure to provide a comprehensive e 24/7 marine service; reputational risk to Council; dissatisfied service users and elected members; failure to deliver the	10.1 - Development and Marketing of infrastructure and services. 10.2 – New business e.g. Ship to Ship transfer in

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strategy which relies on income generation.						operations, and to invest surpluses through the Strategic Reserve Fund.		range of services expected. D&I self-financed budget strategy leading to over spend.	Scapa Flow and other oil and gas related activity. 10.3 - Identify and exploit new markets and invest in infrastructure and skilled people.
11 – Insufficient Fee income for Planning and Building Standards.	3.	2.	Amber.	6.	4.	The risk of insufficient financial resources to meet current and future demand as there is an over- reliance on highly unpredictable fee income (primarily building warrants and planning fees) to fund elements of the service.	The Council faces changes in the national and local economy. This impacts on the level of development activity and in turn impacts on the number of planning applications and building warrants (and associated fee income) received by the Council.	Council cannot manage with insufficient budget; service standards drop; existing workforce becomes overstretched and demoralised; failure to provide a comprehensive e planning service.	11.1 – Promote new development opportunities located within Orkney. 11.2 – Continue to seek baseline funding for core services revenue and capital. 11.3 – Build political contacts through New Council and Scottish Government.

Risk Title	Likelihood	Impact	RAG	Current risk	Target risk	Vulnerability	Trigger	Consequences	Mitigating action/s
12 – Loss of Service due to lack of funding for Ferry and Terminal Replacement.	5.	3.	Red.	15.	9.	The Council does not have sufficient funds for Ferry and Terminal replacement programme to replace ageing assets.	The Council cannot maintain or develop its essential assets to provide public services.	Ferries reach end of life with no replacement – rapid service deterioration. Excessive support costs as aged ferries kept running. Excessive running costs of old ferries. No opportunities to achieve expected service levels. Crisis purchase of new ferries – loss of bargaining power.	12.1 - Contact with Scottish Government STAG (Scottish Transport Appraisal Guidelines) process including beginning discussion on transfer of responsibility. 12.2 – Establish revised funding mechanism for revenue and capital elements of transportation services with Scottish Government.

Risk Title	Likelihood	Impact	RAG	Current risk	Target risk	Vulnerability	Trigger	Consequences	Mitigating action/s
13 – Insufficient Operational equipment and infrastructure funding (Capital Replacement Programme).	4.	3.	Red.	12.	9.	The Council may not have sufficient funds to sustain assets, replace ageing assets and develop key assets and infrastructure. Essential plant and equipment have to be maintained to ensure they can support the Council's services.	The Council cannot maintain or develop its essential assets or infrastructure to provide public services; the Council cannot implement an asset management strategy.	Plant, equipment and infrastructure deteriorate; services are not delivered; Council's reputation at risk; risk of accident and potential claim.	13.1 – Asset Management planning. 13.2 – Capital programme planning and prioritisation focusing on repairs, renewals and additions that mitigate rising costs through a revised business focussed CPA process and linked to the Asset Management Plan.
14 – Compensation claims arising from Insufficient funding to maintain path and countryside access infrastructure	3.	2.	Amber.	6.	4.	The Council may not be able to maintain a variety of paths and tracks, including bridges, boardwalks, gates and stiles.	The Council not undertaking regular inspections resulting in defects not being identified and repaired.	Failure to provide a service; risk of a trip hazard or modest fall and at worst could result in a fatality; financial claims from third party if they suffer accident, injury, loss or damage; reputational damage to Council.	14.1 - Comprehensive inspections currently being undertaken. 14.2 – Review of access strategy and action plan.

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15 – Accidents and health and safety incidents for operational activity.	2.	3.	Amber.	6.	6.	The risk of not managing accidents and health and safety incidents. Particular Operational vulnerabilities are: HAVS, Quarrying accident, lifting injury, machinery injury, heavy vehicle – moving injury. Waste related injury/contamination, Drowning/ hypothermia. Harbours infrastructure, ladders etc.	The Council not managing accidents and health and safety incidents appropriately.	An increased risk in the number of accidents/incidents; loss of productivity; loss of equipment; an increased risk of legal challenges; risk of financial claims and financial penalties.	15.1 - Training programme(s) Reporting Implementing improvements. Work Methods Safety meetings and reviews. Safety Management Systems and Audit. 15.2 – Maintaining a comprehensive schedule of staff and management meetings and culture in relation to Health and Safety matters e.g. quarterly cross service management health and safety meetings, tool box talks etc.

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16 – Operational failure to carry out works and inspections of Council owned properties (including Council Houses).	5.	2.	Red.	10.	6.	The Council can lose business opportunities and income from rental property. Availability of staff revenue budget to fund repairs.	The Council's lack of agility in Council processes, procedures and legal requirements.	Financial loss; reduced rental income; business opportunities move elsewhere; initiatives suppressed; buildings remain vacant; speculative investment delayed beyond the point of opportunity; reputational harm.	16.1 – Annual work programme/5 year plan. Statutory requirements and regulations. Regular engagement with Clients. Housing asset management plan. Council asset management plan. 16.2 – Not increasing the asset base for inspection without corresponding increase in funding.
17 – Residual Liability for properties no longer in original use	4.	3.	Red.	12.	6.	The Council is exposed to significant expenditure to remediate sites to appropriate level. Public liability arising from the fact that sites are no longer in active use. Hence not necessarily secure or part of an inspection regime. The alternative is the Council does nothing and is at risk of claim arising from injury etc.	Current liability (has been the case for many years).	Financial, staff resources for inspection, planning, penalties. Specialist studies are required. Public health and reputation.	17.1 – Asset Management planning and mitigation. 17.2 Prioritise inspection and immediate remedial action through existing service budgets with corresponding risk of overspend.

Risk Title	Likelihood	Impact	RAG	Current risk	Target risk	Vulnerability	Trigger	Consequences	Mitigating action/s
18 - Affordability of Development and Infrastructure Services and likelihood of reduction in spending on discretionary services.	3	4	Red.	12	4	Political expectation that service levels will not change despite budget reductions. Discretionary services likely to be the focus for reductions in funding.	Budget reductions below baseline service level requirement.	Budget overspend.	18.1 – Ensure full awareness and understanding of consequences through budget setting process. 18.2 – Strong SMT /Change Programme Board approach to budget setting. 18.3 – Follow through budget savings with service changes quickly and resolutely following decisions.