



Committee report

Committee **AUDIT COMMITTEE**

Date **13 MARCH 2017**

Title **THE COUNCIL'S RISK PROFILE**

Report of **HEAD OF RESOURCES**

EXECUTIVE SUMMARY

1. The purpose of this report is to give the committee an opportunity to review the council's risks. The committee's terms of reference include the consideration of 'the effectiveness of the council's risk management'.

BACKGROUND

2. Prior to the end of the 2015-16 financial year, the committee periodically reviewed the council's strategic risks. This is however, the first update for the financial year 2016-17. Following review by the Audit Committee a full review of risks will be undertaken.
3. Each strategic risk has been subject to review by each of the senior managers responsible for them, and commentaries are provided in the table below.

SR0051 Lack of financial resource and the ability to deliver the council's in-year and medium term budget strategy		Assigned to: Chief Finance & Section151 Officer
Inherent score: 16	Current score: 16 ↔	Target score: 9
<p>The council continues to face a significant financial challenge in particular through major reductions in government grant, increased costs and the constraints on other resources such as council tax increases and business rates by the government. The ability to increase or extend local fees and charges is also constrained by current economic conditions.</p> <p>In October 2016, the council approved a revised medium term financial strategy (MTFS) which also amended the council's savings requirements downwards to more achievable levels in the short to medium term. In approving the strategy, the council also resolved to take a "debt repayment holiday" for 5 years which has:</p> <ul style="list-style-type: none"> • Reduced and "smoothed out" the council's savings requirements over the next 3 years • Increased the capacity of the organisation to be able to effect change by funding 		

<p>a regeneration team</p> <ul style="list-style-type: none"> • Created a £1m transformation reserve to provide up front funding for spend to save schemes • Stabilised the budget by removing unachievable savings • Improved the overall financial resilience of the Council by increasing General Reserves with a plan to gently increase reserves over time • Maximised the available capital resources and the flexibility of their use to enable them to directed towards improving the Island economy and the financial position of the council <p>The 2017/18 budget and capital programme to be proposed to council has been prepared in accordance with the recently approved MTFS</p>
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SR0037 Insufficient staffing capacity and skills		Assigned to: Head of Resources
Inherent score: 16	Current score: 12 ↔	Target score: 8
<p>As a result of the Full Council Endorsement of the Employment Committee's recommendation at its meeting of 20 July 2016 to appoint a Director of Regeneration and related support staff, to replace the post of Deputy Managing Director with a Head of Place (to which appointments have now been made) and to delay changes to the operating model for two years in order to sustain the council's capacity to change during that period, it is anticipated that the score for this risk will reduce in the next quarter.</p> <p>However, it is necessary to take into account that appointments to a number of chief officer appointments in Adult Social Care and the newly created Directorate of Regeneration have only recently taken plan. This together within the overall context of the council's continued financial challenges, early stages in the development of a regeneration strategy and preparation of the budget strategy for 2017/18 it is considered necessary to retain the current score at 12 (red) for the present time.</p> <p>Capacity across the council also continues to be stretched as a result of previous year's budget reductions and it likely that to meet the budget reductions that arise from the continued reduction in central government funding that further reductions in services may be necessary. This reinforces the necessity for radical transformation through regeneration and refocussing of service delivery in order to continue to meet statutory duties as a minimum as opposed to seeking ways in which to do more with less.</p>		

SR0042 Educational attainment		Assigned to: Director of Childrens Services
Inherent score: 16	Current score: 9 ↔	Target score: 6
<p>In respect of early years' outcomes, the Isle of Wight outperformed the national average in 2016. 72% of children attained the good level of development compared with a national figure of 69%.</p> <p>At the end of the primary years the assessment measures completely changed and therefore it is impossible to compare this year's results to previous years. In writing,</p>		

74% of children attained age related expectations which is identical to the national average of 74%. In reading, the Island's results were very close to the national average with 64% of children attaining age related expectations compared to 66% nationally. In mathematics there is more to do. 63% of pupils attained age related expectations compared with 70% nationally. Professional development programmes are in place to address this issue.

Assessment measures have also changed at the end of secondary education and currently only provisional data is available. In the new 'Attainment 8' measure, results improved from 43.0 in 2015 to 43.3 in 2016 although this is below the national 'Attainment 8' score of 49.9. The proportion of students attaining a grade C or above in English and mathematics rose from 51.1% to 51.6% against a national average of 62.8%.

The Department for Education (DfE) published provisional data (October 2016) highlights improved performance by the Island A Level providers in 2016 when compared to 2015. However, whilst the rate of improvement on the Island is higher than national (from a low base), overall performance remains significantly behind national and statistical neighbour averages (state sector). The proportion of young people attending an IOW A Level provider who achieved 3 x A Levels at grades A*/A was 6.2% in 2016, an increase from 4.1% in 2015. The national and statistical neighbour average was 10.2 and 11.2% respectively. The proportion who achieved grades AAB or better was 11.3% in 2016, an increase from 7.2% in 2015. This compares to 18.1% nationally and 19.3% statistical neighbour averages this year. Finally, the proportion of young people attending an IOW A level provider who achieved grades AAB or better including two facilitating subjects (those subject most valued by Russell Group universities to facility entry) was 7.7%, and increase from 5.3% last year. Again, this is significantly below national and statistical neighbour averages of 13.6 and 14.3% respectively.

In addition to the above data the proportion of schools graded as a good or better by Ofsted continues to rise. From the inception of the partnership, this proportion has grown from 59% to 69% in December 2016. Analysis of the performance of schools coupled with timings of imminent Ofsted inspections means that it is anticipated that this figure will continue to rise for the remainder of this academic year.

A full and detailed report on the results at all key stages was presented to the Executive at its February 2017 meeting.

SR0052 Failure to identify and effectively manage situations where vulnerable children are subject to abuse		Assigned to: Director of Childrens Services
Inherent score: 16	Current score: 9 ←→	Target score: 5
<p>Children's Services continues to make good progress against the required improvements as identified by Ofsted: Childrens Social Care Performance Update</p> <p>Early help assessments are undertaken by multi-agency professionals, who contact the children's reception team (CRT)/multi agency safeguarding hub (MASH) in the first instance to confirm thresholds are appropriate. The early help co-ordinators continue to support the development of assessments and plans. They scrutinise the thresholds around early help intervention and undertake monthly quality</p>		

assurance audits-as well as participating in local safeguarding children's board (LSCB) multi-agency auditing.

Robust arrangements are in place to manage the step up and step down of cases between Children's Social care and early help. This ensures smooth transitions and continuity for children and families. There are effective processes in place to minimise the re-escalation of cases into social care.

Robust arrangements are in place to identify and safely manage all children and young people who are deemed to be at risk of child sexual exploitation, including those young people who are in residential care off Island. All social care teams have embedded the use of a risk assessment tool in relation to child sexual exploitation. This identifies high medium and low risk cases. Agencies meet once a month to review the plans in relation to these children and ensure information is shared and interventions co-ordinated, including action against perpetrators.

In addition to the missing, exploited and trafficked operational group, a missing children panel has been established to further improve information sharing and planning between agencies including police and health services. The missing person protocol is now embedded within teams and with foster carers. Improvements have been made in relation to data performance in this area, allowing more accurate reporting and the ability to identify trends and patterns of behaviour.

Children are securing the right service at the right time and all of those assessed as children in need are receiving a service from social care. Performance reporting continues to evidence the consistency in threshold applied by MASH with the scrutiny of contacts and referrals. Peer inspections of CRT/MASH together with LSCB audits have confirmed the quality of threshold application.

Senior managers apply a consistent threshold for making the decision to accommodate a child and no child or young person will be discharged from care unless it is safe and appropriate to do so. Robust management oversight is in place

Social Work average caseloads have remained at appropriate levels and this is scrutinised monthly through performance management meetings. Use of agency staff also remains low as a result of rolling recruitment process. Professional development opportunities have been offered within the service including secondments to assistant team manager positions, and from other directorates which is supporting interagency/partnership working.

There is a Children's service recruitment and retention strategy in place. The service now has a full cohort of permanent team managers and service managers in place. Use of agency staff has remained low throughout 2016 and vacancy rates have been between 4-6 Social Workers. The use of a market supplements targeted at social workers and team manager positions will need to be maintained.

Performance in relation to children in need planning demonstrates that 95% of all children eligible for a plan have one recorded on the system. There has been an incremental decrease in the number of children subject to child protection planning since 2014. All plans that are in place are monitored, with consideration for legal planning if required. Nonetheless high numbers of children subject to child protection plans creates pressure on the wider safeguarding system.

File audits continue to be routinely undertaken across all teams in children's services and by the LCSB. These including re-auditing, thematic audits, peer audits, workshops and peer inspections. Deep dive audits into child protection rates, self-harm in adolescents and sexual consent have been undertaken in partnership with the LSCB this year resulting in specific actions to improve services.

The lessons from audit are routinely disseminated to the area director, service managers and team managers. This includes a quarterly high level report that is presented to Children's services senior management team and performance & quality assurance sub-group.

The Department for Education reviewed the progress made in Children's Services in May 2016 and concluded that while the statutory direction should remain the significant improvement in services was recognised and no issues of concern were escalated.

The LSCB annual conference was held October 2016 where the neglect strategy was launched. Training regarding neglect is demonstrating impact as neglect is increasingly recognised by professionals in child protection conferences and planning/interventions. A key focus for the conference was the impact of neglect on adolescents and adolescent mental health-these areas will remain a key focus as we are delivering preventative work across targeted youth support, youth offending team (YOT) and social care teams, and are current cohort of adolescents demonstrate complex needs.

Regular safeguarding leads meetings with partner agencies are embedded. These meetings address any barriers to effective practice. Following these meeting cases which would benefit from multi-agency reflective practice sessions are identified and workshops take place on a regular basis with lessons being feedback through to services via service managers.

The corporate parenting board is well attended with good representation from both councillors and looked after children from our healthy young people empowerment (HYPE) group. This group scrutinises performance in relation to looked after children and identifies where further improvements can be made.

SR0045 Failure to provide effective arrangements to prevent incidents of abuse of vulnerable adults		Assigned to: Director of Adult Social Services
Inherent score: 16	Current score: 12 ↔	Target score: 6
<p>Between April and December 2016, 1440 safeguarding concerns were received but only 28% of which proceeded to a "section 42" (safeguarding investigation). This suggests that safeguarding thresholds are either unclear or not clearly understood and that the safeguarding team is processing considerable numbers of referrals that do not meet the agreed multiagency safeguarding criteria. Equally of concern is that of the 402 safeguarding investigations undertaken, only 46 people were asked about their preferred outcomes arising from the investigation which is a key aspect of the making safeguarding personal agenda and this needs to be addressed..</p> <p>In July 2016, the adult social care directorate undertook a review of its safeguarding arrangements. This revealed that whilst there was positive performance around some key performance indicators there were some significant shortcomings. The</p>		

department was charged with preparing a detailed action plan in response to the review but as of December 2016, this had not been finalised. Urgent managerial attention and focus is now being devoted to completing the action plan and this will be presented to the March 2017 meeting of the Safeguarding Adults Board for approval and implementation.

The safeguarding adults board’s December 2016 publication of the [“Miss T” Safeguarding Adult Review](#) (SAR) report reveals further issues that are being addressed as a matter of priority in improving the quality and impact of safeguarding practice. These include:

- Clear and consistent responses to people who lack capacity (even when they do so on a temporary basis);
- Risk assessment;
- Expertise in understanding the impact of longstanding domestic abuse and drug and alcohol abuse.

As a consequence of the SAR conclusions and recommendations, the department is holding four learning events for frontline staff and managers. It has also led the recent review of the vulnerable adults panel, so that different professional groups are able to identify vulnerable adults, especially those with complex behaviour who might otherwise be considered as perpetrators.

SR0050 Failure to secure the required outcomes from the integration of Adult Social Care and Health		Assigned to: Director of Adult Social Services
Inherent score: 16	Current score: 12 ↔	Target score: 6
<p>The national focus on the integration of health and social care, and its potential to deliver better, more cost effective services, has three main drivers:</p> <ol style="list-style-type: none"> 1. Spending cuts and the need to deliver further savings; 2. Demographic changes with predicted rises in the need for health and social care due to an ageing population and rise in the numbers of people with a long term condition; 3. A recognition that too many people are not getting the care they need, delivered in the right setting. <p>In addition, however, it is now accepted that reductions in adult social care has resulted in unmet need and which have negatively affected the performance and costs of the NHS (primarily in the form of avoidable hospital admissions, delayed transfers of care, cancelled elective activity and missed A&E/referral to treatment time targets).</p> <p>Furthermore, because the nature of people’s health care needs have changed from acute illnesses to chronic diseases (that cannot be cured, but can be managed with people staying at home, thereby placing less reliance on hospital care), integration across health and adult social care is widely regarded as a prerequisite for achieving good health and wellbeing outcomes.</p> <p>The My Life a Full Life (MLAFL) Programme is one of the 23 national Vanguard projects. It has been accompanied by much needed and welcomed additional</p>		

funding from the Department of Health and the national programme is being overseen by the New Care Models team. Now in its second year, MLAFL comprises a large number of different projects that aim to transform local delivery models across acute and community settings, with the aim of reducing unnecessary hospital care; enhance health care available in primary care; and integrate delivery across health and adult social care.

It is true to say that the implementation of new integrated ways of working has lagged behind agreement of the vision, aims and priorities set out by MLAFL. However, the work of care navigators, local area co-ordinators and clinical multidisciplinary teams have all had a very positive impact on preventing needs from escalating unnecessarily. There is an urgent need to refocus the programme as well as to ensure that adequate resources are available to underpin the necessary change programmes.

One of the key initiatives aiming to deliver integrated health and social care is the implementation of integrated locality services. The first integrated locality service will “go live” on the 27 February 2017 based in the north and east of the Island. Staff have been recruited; standard operating procedures have been developed and recruitment to the manager position is underway.

Ongoing integration projects include integrated access to health and care; technology enhanced care and advice and information. In addition, it is vital that commissioning is integrated across health and social care. The recruitment to the new senior post of assistant director integrated commissioning takes place on 13 and 14 March 2017 to assist with this necessary development. Thereafter, it is intended that all commissioners across health and social care are aligned under single line management and all commissioning strategies will be jointly developed and owned. The longer term plan is to bring together all community health and adult social care commissioning budgets so that we make best use of the single island pound.

SR0048 The council fails to achieve the required outcomes from its significant contractual relationships and fails to successfully resolve some anomalies in the contract's interpretation (in relation to the 25 year Highways PFI contract)		Assigned to: Head of Contract Management
Inherent score: 16	Current score: 9 ↓	Target score: 5
<p>The council's senior management has acknowledged the significant risk that major contracts can present if not managed well post award. The council has reviewed its management of the highways PFI contract and has put in place a structure to manage the new waste contract which commenced on 1st November 2015. Taking on board the outcomes from the Atkins review, the council has increased resource of its client function by recruiting two additional posts with engineering experience.</p> <p>A review of the governance arrangements for the contract has been undertaken, the role of the board has been reviewed to ensure it only addresses strategic matters, re-establishing robust auditing and performance management arrangements and strengthening its financial management of the contract is underway. The contract management team has taken a very firm line in respect of payment of the six monthly milestone uplifts which is holding the service provider to account.</p>		

Discussions are ongoing to resolve some of the outstanding contract interpretation matters.

A relatively smooth transition from the previous waste contract occurred with much work on ensuring dilapidations were completed on three sites. The roll out of the revised collection arrangements in May 2016 was not without difficulties although the service has subsequently reached what is expected to be a steady state situation. The waste procurement team commenced management of the new contract reporting to the head of contract management. Weekly performance reports have been received and monthly project meetings held. The submitted reports monitor performance including any performance failures against contract requirements although performance failures fell within a grace period until the end of March 2016. An officer project board and member review board is in place and meets regularly. Since the end of the grace period the process by which failures against the performance standards in the contract are monitored and reviewed has been robustly managed.

The Pan development now has a fully operating Pan Manco which includes directors from BDW, the Council and Sovereign Living. The Manco has taken on the services of ERMC as a support service/ management agent. Performance of the heating system on the site has improved over the last six months and work is well advanced on the procurement of the permanent biomass plant. Considerable progress has occurred in respect of adopting sections of the central spine road and estate roads. .

SR0046 The risk that the Island's economy falls further behind its mainland comparators and is unable to generate sufficient wealth to sustain the Island and its community	Assigned to: Head of Economic Development
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Inherent score: 12	Current score: 12 ↔	Target score: 9
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This risk is related directly to the corporate plan priority of ‘supporting growth in the economy, making the Island a better place and keeping it safe’. As part of the Medium Term Financial Strategy the council is pursuing a proactive approach to delivering economic growth via a new [Regeneration Programme](#) which has recently been approved by the Executive. This includes the appointment of a new regeneration team to ensure the appropriate level of resources to deliver the programme is in place. The programme is consistent with the councils adopted [Economic Development Plan](#) and Island Plan Core Strategy. In addition the council is pursuing a Solent devolution deal with partner authorities for the area with government which is based on improving the economy and financial sustainability of the Isle of Wight.

The council is also an active member of the Solent Local Enterprise Partnership (the government’s principal vehicle for the allocation of funds) in support of economic improvement and a decision is pending on a £15m IOW Infrastructure Fund to enable sustainable economic and housing delivery.

SR0049 Achieving the Vision for the Island		Assigned to: Chief Executive
Inherent score: 14	Current score: 12 ←→	Target score: 6
<p>The corporate plan sets out the vision for the island and the council's priorities in delivering it. The ability to deliver the vision and priorities is very much inter-related to other risks (staff capacity and skills, financial resource and the ability to deliver the council's in-year and medium term budget strategy). Achieving the vision requires a clear alignment between the council's priorities and its management structure and consistent leadership from the Executive and corporate management team. The single biggest challenge to achieving the vision remains the council's challenging financial position.</p> <p>2016/17 has been a year of significant transition for the council in which it has created a new medium term financial strategy which, although challenging, provides a stable base from which the council can develop its transformational activities in order to deliver its vision. As part of the strategy the council has introduced additional capacity to deliver regeneration activities which are central to its focus as an organisation and to achieving the vision for the island. It has also identified a regeneration programme comprising schemes with the greatest impact and deliverability. In addition the council has aligned its capital programme to its priorities with a clear focus on the delivery of its priorities.</p> <p>It looks unlikely that any devolution deals with a potential for additional capital funding will be completed in the short to medium term and the levels of potential funding to support regeneration activity, available through the Solent Local Enterprise Partnership, will not be as great as hoped. The council will therefore need to look to its own resources as a catalyst to the solutions.</p> <p>The council continues to work closely on health and social care integration with the Isle of Wight Clinical Commissioning Group and the Isle of Wight NHS Trust. Progress has not been as significant as hoped on account of the financial pressures across the system and the temporary management arrangements in adult social care. The latter issue has now been resolved with the permanent appointment of a director and assistant director and a further assistant director post still in recruitment.</p> <p>Full Council elections will take place in May 2017; the future direction of the council and the Island will therefore depend on the aspirations of the new Administration and the time it may take to align the council's activities to these aspirations. Looking further ahead changes to the funding of local authority services by the 100% retention of business rates may have a significant impact on the council which is as yet unknown. The council, as an organisation, is in a strong stable place to be able to adapt to any change of emphasis in its activity and continue to make a difference to Island living.</p>		

STRATEGIC CONTEXT

4. Strategic risks are those that have the potential to prevent the council from achieving its strategic priorities. Senior managers 'own' strategic risks according to their particular responsibilities. Strategic risks are brought to the attention of Executive in that they are linked to the corporate priorities of the council in the quarterly performance report. The most up to date report will be presented to the Executive in February 2017.

CONSULTATION

5. The review of each strategic risk has been undertaken by managers according to their particular responsibilities. Members of the corporate management team (CMT) have reviewed the strategic risk register. Executive members are given the opportunity to review risks as part of the quarterly performance report.

FINANCIAL / BUDGET IMPLICATIONS

6. There are no direct financial implications of this report, although many of the controls employed to manage strategic risk do have significant financial and resource implications.

LEGAL IMPLICATIONS

7. The Accounts and Audit Regulations 2015 require that the council reviews its system of internal control including its risk management arrangements. This report is therefore concerned in part with improving the way the council manages risk and also in giving the committee the opportunity to play its part in overseeing risk management arrangements. These are important features in the council's governance arrangements.

EQUALITY AND DIVERSITY

8. The council has a legal duty under the Equality Act 2010 to seek to eliminate discrimination, victimisation and harassment in relation to age, disability, gender re-assignment, pregnancy and maternity, race, religion, sex, sexual orientation and marriage and civil partnership. It is considered that there are no direct equality and diversity implications of this report for any of the protected groups.

OPTIONS

- Option 1 - Members are asked to review the strategic risks of the council as set out at paragraph 3.

RISK MANAGEMENT

9. While this report is concerned with the subject of strategic risk itself, the key risk is that the council fails to recognise the importance of identifying,

assessing and managing strategic risk. The result would mean that risks are more likely to occur or that the council will fail to plan for their impact.

RECOMMENDATION

Option 1 - Members are asked to review the strategic risks of the council as set out at paragraph 3.

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