



# Committee report

Committee	<b>AUDIT COMMITTEE</b>
Date	<b>26 JUNE 2017</b>
Title	<b>THE COUNCIL'S RISK PROFILE</b>
Report of	<b>HEAD OF RESOURCES</b>

EXECUTIVE SUMMARY

1. The purpose of this report is to give the committee an opportunity to review the current position with regards to the council's strategic risks. The committee's terms of reference include the provision for consideration of 'the effectiveness of the council's risk management arrangements'.

BACKGROUND

2. This is the first update of the Strategic Risk Register within the 2017-18 reporting period. The risks will be re-evaluated in line with a new corporate plan that will be considered by Cabinet in early autumn.
3. Each strategic risk has been subject to review by each of the senior managers responsible for them, and commentaries that set out the current position are provided in the tables below.

<b>Lack of financial resource and the ability to deliver the council's in-year and medium term budget strategy</b>		<b>Assigned to: Director of Finance &amp; Section 151 Officer</b>
Inherent score: 16	Current score: 13 ↔	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. 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>		

- 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 a regeneration team
- Created a £2m 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

The 2017/18 budget and capital programme has been prepared in accordance with the approved MTFS.

<b>Insufficient staffing capacity and skills</b>		<b>Assigned to: Head of Resources</b>
Inherent score: 16	Current score: 9 ↔	Target score: 8
<p>There is now a strong and stable corporate management team in place having successfully completed the recruitment to a number of key posts. With an established team that is now fully embedded, there is the necessary strategic leadership and management being directed to the delivery of corporate priorities.</p> <p>The revised medium term financial strategy approved by Full Council in October 2016, afforded the opportunity for the council's savings requirements to be revised downwards to more achievable levels in the short to medium term, thus allowing a period upon which to secure a prosperous and sustainable financial future for the Island based on regeneration, growth and productivity. The Chief Executive is leading on a programme of organisational development, designed to bring about the cultural change required to energise and engage the council's workforce to deliver the programme of transformation necessary to achieve that outcome within the short period of time available to do so.</p> <p>It is recognised that capacity continues to be stretched and key to increasing productivity will be the continued efforts to review unnecessary business processes, deliver digital transformation that will facilitate improved flexible working options and the refocussing of service delivery to meet statutory duties as a minimum as opposed to seeking ways in which to do more with less.</p>		

<b>Failure to Improve educational attainment</b>		<b>Assigned to: Director of Childrens Services</b>
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, 74% of children attained age related expectations which is identical to the national average of 74%.</p>		

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 43.6 in 2016 although this is below the national 'Attainment 8' score of 50.1. The proportion of students attaining a grade C or above in English and mathematics rose from 51.1% to 51.8% against a national average of 62.8%.

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 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 subjects 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 52% in July 2014 to 69% in March 2017. The proportion of inadequate schools has reduced from 18% to 2% over the same period. 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.

<b>Failure to identify and effectively manage situations where vulnerable children are subject to abuse</b>		<b>Assigned to:</b> <b>Director of Childrens Services</b>
Inherent score: 16	Current score: 9 ↔	Target score: 5

Children's services continue to make good progress against the required improvements as identified by Ofsted.

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

Further improvements have been made to the communication between the early help coordinators and MASH in the last quarter, ensuring that MASH have detail on early help intervention on all referred cases.

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 coordinated, including action against perpetrators.

The missing, exploited and trafficked operational group (METRAC) is embedded with representation from CSC, Police and health services, youth offending team and voluntary sector. 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. 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. Use of agency staff has remained low throughout 2016-7 and vacancy rates have been between 4-6 Social Workers.

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 in 2016/17 resulting in specific actions to improve services.

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.

Children's services achieved the required savings in 2016-17, whilst delivering sustained improvements across the service.

**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

There needs to be significant improvements secured in order to deliver effective and efficient care management. For instance, at the end of March 2017, 84 case reviews were overdue by more than 15 months. This represents a substantial improvement on the position at the beginning of December 2016 (when 735 reviews were overdue by more than 15 months). But this improved situation still means that only 41% of all reviews were completed on time during the quarter ending March 2017. Equally, 210 assessments were awaiting management authorisation at the end of December 2016. This had improved to 113 by the end of March 2017 but is still far from an acceptable level of performance. Only 36.9% of all safeguarding alerts during March 2017 resulted in a Section 42 safeguarding enquiry. This suggests either that adult safeguarding thresholds are being inaccurately applied (by the agency making the safeguarding alert) or that the safeguarding team is applying too high a threshold for response. Furthermore, none of the adult safeguarding investigations were completed within the 28 day standard during March 2017 (although performance was positive for how quickly the initial strategy meeting was held post receipt of a safeguarding alert). Finally there were 732 outstanding Deprivation of Liberty applications (DoLS) awaiting assessments at the end of March 2017 with 56 DoLS applications being received during the month and only 13 being completed.

Despite changes to the internal decision making processes, it has not yet been possible to reduce the numbers of people placed in permanent residential or nursing care. January 2017 witnessed a unique peak of admissions of elderly people permanently entering care. In December 2016, there were 82 elderly people who had been placed in residential care on a short term basis (often funded by the NHS systems resilience funding due to the majority of placements being made to support discharge from hospital). However, these people had not been reviewed post their temporary admission into residential care. As a result of management action taken to ensure that all 82 were reviewed during January 2017, 79 of these elders were assessed as needing to remain in residential care. Very encouragingly, however, whereas in January 2017 10.6% of all initial contact referrals to ASC resulted in a permanent residential placement, by March 2017, this had reduced to 5.3%.

Delayed transfers of care (DTC) have high national priority as it is recognised that the NHS's deteriorating position pertains, in part, to adult social care not providing care packages swiftly enough to patients who are medically fit for discharge from hospital.

In February 2017, the Emergency Care Improvement Programme team from the Department of Health undertook a detailed review of patient streaming and patient flow at St Mary's Hospital as well as how effective health and social care were working together to deliver effective patient discharge from hospital. One of their many criticisms was that the data pertaining to DTOCs was inaccurate and that this inaccuracy was compromising efforts across the health and social care system to implement the eight "High Impact Changes" known to be effective in reducing delayed transfers of care.

At the end of March 2017, data presented in the Local Government Association's LGInform database (based on submissions by the IoW NHS Trust) suggested that our DTOC performance was amongst in the worst 20 performing local authorities nationally (and the very worst nationally for December 2016 and January 2017).

Since then a detailed retrospective analysis of the Trust's October 2016 to March 2017 DTOC data submissions has been undertaken. As a result, it has been ascertained that over 83% of the DTOCs ascribed to adult social care by the NSH Trust were incorrect. The NHS Trust is currently verifying this analysis and early indications are that they agree with it. Once the NHS Trust completes its internal verification process, a retrospective adjustment to the NHS data will be sought. This is important as the Care Quality Commission is currently developing its methodology for area reviews, a new inspection activity. Although formal guidance is still awaited for this inspection process, early indications are that they will comprise a detailed assessment of how well adult social care is working with health to support avoiding hospital admissions and deliver effective hospital discharge.

<b>Failure to secure the required outcomes from the integration of Adult Social Care and Health</b>		<b>Assigned to:</b> <b>Director of Adult Social Services</b>
Inherent score: 16	Current score: 12 ↔	Target score: 6

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:

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.

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).

Furthermore, as 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.

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 funding from the



Department of Health and the national programme is being overseen by the New Care Models team.

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 the 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.

A new integrated locality service (ILS) came into operation on 27 February in the North East area of the Island. Based in Ryde, it provides the opportunity for adult social care teams to work alongside professionals from health, affording a joint triage function to be established as well as undertake joint assessments and reviews which will ultimately lead to better co-ordination of services outcomes for users in their receipt. Based on the lessons learned from the Ryde integrated locality service, a second ILS is scheduled to open in Sandown for the South Wight area in June 2017 and a further locality based service will be opened in the Central and West area of the Island before the end of August 2017.

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 successful recruitment to the new senior post of Assistant Director Integrated Commissioning happened in March and they will be in place shortly. 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.

<b>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)</b>		<b>Assigned to: Head of Contract Management</b>
Inherent score: 16	Current score: 9 ↓	Target score: 5

The significant risk that major contracts can present, if not managed well post award, has been acknowledged by the council. Following extensive discussions, a position has been reached whereby there is now a common understanding on a number of the more significant contract interpretation matters. The agreed systems to audit performance through a monthly service meeting and payments meeting continue to be undertaken.

A number of detailed work programmes are now in place with Island Roads which includes a review of that part of the contract relating to the costs of accruing new development to the project network in order to reduce the cost to the council. This will require the approval of a new process for the adoption process which is currently being developed for further discussion with the cabinet member.

Works on the extremely important highway infrastructure associated with the Asda development have progressed well and are nearing completion. In association with this works by Barratts to complete the Pan spine road through their site to tie in with the councils works is now also well advanced.

The officer waste project board and member review board continues to meet to monitor the project and day to day performance continues to be reviewed robustly via the monthly payments meeting.

Following the entering into of administration by Ameys subcontractor, Energos last year, a new contractor, Michaelis, has now been appointed to provide the energy recovery element of the forest park site. This will result in a slight delay in providing that element of the facility but works are well advanced on site with completion of demolition works and commencement of civils on that part of the site that will be occupied by the Mechanical Treatment Plant. The important key dates by which the various waste recycling and diversion from landfill targets are to be achieved remain unaltered.

The Pan development continues to have a fully operating Pan Manco which includes Directors from Barratt, David and Wilson (BDW), the Council and Sovereign Living. The Manco continues to use ERMC consulting as a support service/management agent. Performance of the heating system on the site has remained good and a stock of spare equipment has been secured on site. The new Biomass plant is substantially completed and the initial commissioning phase is due to be completed shortly which will be followed by transfer from Barratts to the Manco.

<b>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</b>		<b>Assigned to:</b> <b>Head of Economic Development</b>
<b>Inherent score: 12</b>	<b>Current score: 12 ←→</b>	<b>Target score: 9</b>

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. 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.

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 development and in addition has recently received £10m from government to deliver major highway and junction improvements around Newport to enable sustainable economic and housing delivery in the area.

<b>SR0049 Achieving the Vision for the Island</b>		<b>Assigned to:</b> <b>Chief Executive</b>
<b>Inherent score: 14</b>	<b>Current score: 12 ←→</b>	<b>Target score: 6</b>

The corporate plan sets out the vision for the island and the council's priorities and planned activities in delivering it. The existing plan was agreed for the period 2015 to 2017. A new plan is in preparation to reflect the aspirations of the council's new Administration elected in



May. The new 'majority' controlled council has a strong foundation to take, and deliver, decisions consistent with these aspirations.

To be effective, the new plan will need to be consistent with, the council's medium term financial strategy and take full account of the opportunities and threats facing the council. A strong and stable corporate management team is now firmly embedded and able to give the Administration the best possible advice on the options available to it, in confirming its aspirations and delivery plans. A continued emphasis on regeneration and economic growth; especially moving from planning to delivery, will be a central tenant of the new corporate plan. This will align with work to transform the delivery of adult social services; this having been helped by the provision of additional short term funds by Government.

The challenges in adult social care will be impacted by failures within the Isle of Wight NHS Trust although the council is doing all it can to engage with the health sector and ensure its recovery programme is not detrimental to care services. The council is supporting the development of a Local Care System as a means of strategically planning for the Island's health and social care within the context of the NHS lead Sustainability and Transformation Plans.

The outcomes of the General Election and the Brexit negotiations will impact in some way on the council's approach to delivering its aspirations although it is uncertain what that might be at this time. The new government's approach to the passing of powers and duties from central to local government, the continued transition towards the full retention of business rates by local authorities and the outcomes of the fair funding review of local government, will all have an impact on how the council plans and delivers services in the future.

All of this notwithstanding, the single biggest challenge to achieving the vision remains the council's challenging financial position.

## 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 Cabinet 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 Cabinet in [June 2017](#).

## CONSULTATION

5. The review of each strategic risk has been undertaken by senior managers according to their particular responsibilities. Members of the corporate management team have reviewed the strategic risk register. Cabinet members are also 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 approve the strategic risks of the council as set out at paragraph 3.
- Option 2 - Members do not approve the strategic risks of the council as set out in 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 approve the strategic risks of the council as set out at paragraph 3.

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