



Purpose: For Decision

Committee report

Committee **AUDIT COMMITTEE**

Date **25 SEPTEMBER 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 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 second 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 was considered by Cabinet in September.
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.

Lack of financial resource and the ability to deliver the council’s in-year and medium term budget strategy		Assigned to: Director of finance and section151 officer
Inherent score: 16 RED	Current score: 13 ↔ RED	Target score: 9 AMBER
<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 five years which has:</p>		

- reduced and "smoothed out" the council's savings requirements over the next three years;
- increased the capacity of the organisation to be able to effect change by funding a regeneration team;
- created a £2 million 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. The process for producing the 2018/19 budget is well under way.

Insufficient staffing capacity and skills		Assigned to:
		Head of resources
Inherent score: 16 RED	Current score: 9 ↔ AMBER	Target score: 8 AMBER
<p>A revised corporate plan was put to Cabinet for approval at its meeting of 14 September 2017 that sets out the vision and priorities for the council both for the lifetime of the council and beyond into the future. This provides a clear direction and ambition for the Island and how available resources will be allocated accordingly and in line with the council's approved medium term financial strategy. As previously reported, there is also strong and stable corporate leadership team in place and this combined with clear strategies under development for regeneration through "isle we want"; adult social care through "care closer to home" and the organisational development programme entitled "BIG" that underpin the council's improvement journey and sets out clear programmes of activity upon which resource allocation can be prioritised.</p> <p>However, available staffing resource remains in demand and there is potential with such a significant programme of delivery for those resources to face competing demands given the limited pool of corporate support services and other specialist staff required to deliver against our improvement journey. This reinforces the need to establish ways in which to ensure the workforce continued to be well motivated and engaged, assisted to maintain a healthy work-life balance and be equipped with the right tools to do the job. This will necessitate continued efforts to review business processes to increase efficiency and reduce bureaucracy and continued investment in and roll out of new and innovative ways of working that makes best use of technology.</p>		

Failure to Improve educational attainment		Assigned to:
		Director of Childrens Services
Inherent score: 16	Current score: 9 ↔	Target score: 6

RED	AMBER	GREEN
<p>A new Strategic Plan for School Improvement was presented to Cabinet on 14 September 2017. The plan sets out the key focus areas and associated actions to further improve the quality of education in Isle of Wight schools in line with the Department for Education's (DfE) letter of direction. The areas are as follows:</p> <ol style="list-style-type: none"> 1. Ensuring that all schools are good or better. (Ofsted ratings) 2. Building on improvements in standards. 3. Ensuring schools are good for all children. 4. Leading a cohesive system for children based on effective partnership working. <p>The results attained at the end of the early years are considered to be strong, with the Isle of Wight outcomes now better than the national average on the good level of development measure. The latest data shows that the percentage of children achieving a good level of development is 71.80 per cent compared to the national figure of 69.30 per cent. The Isle of Wight has also seen an improvement in score by 0.10 per cent since 2015 and is significantly higher than the 2013 score of 45.10 per cent.</p> <p>The National attainment figures for Key Stage 2 were released by the Department for Education on 4 July 2017 with the local authority breakdown following on 31 August. Nationally the percentage of pupils reaching the expected standards in reading, writing and mathematics has increased from 53 per cent to 61 per cent. Attainment in reading has increased from 66 per cent to 71 per cent, in mathematics from 70 per cent to 75 per cent, in writing from 74 per cent to 76 per cent and in grammar, punctuation and spelling from 73 per cent to 77 per cent.</p> <p>Provisional results were released to the schools and students in July although the overall official figures for the Isle of Wight will not be made public until next term (in line with the national data release), early indicators are that there has been a year-on-year improvement. Performance in reading has improved more quickly than the national rate. It means reading is now in line with the national figures. According to the provisional figures, performance in mathematics and grammar, punctuation and spelling (SPAG) has also improved faster than the national rate. While writing is not formally tested (it is assessed by teachers), there was a slight fall this year. The council says it attributes that to teachers being more exacting in their interpretation of the expected standard.</p> <p>Significant changes have been made to GCSEs this year with marks for English and mathematics moving from the traditional A to G scale to a 1 to 9 scale with 9 being the absolute highest score available. Comparisons with previous grades in these subjects should not be made. For the Isle of Wight the key performance figure will be the comparison with the national average and early indications are that the Isle of Wight's results show underlying trends that are stronger than in previous years.</p> <p>GCSE results were released to schools and students on 24 August. National results will be available later in the year. New performance measures were introduced in 2016 for GCSE level attainment including 'the Basics', 'Attainment 8', 'Progress 8' and 'EBacc'. A detailed definition of each of these measures can be found in the Children's Committee report of January 2017.</p> <p>Provisional A-level results for the Isle of Wight show that Island students continue to outperform national averages in Technical subjects while A-level students show a slight improvement in high grade passes. As well as A-level, students studied for a range of Technical and General Applied qualifications, with young people on the Island continuing to outperform the national average. The provisional average point</p>		

score for Technical students was 37.9 (Distinction Plus) grade. This is an improvement and compares well to last year's national average which was 30.8 (Distinction Minus). General Applied students, who study a combination of technical and academic programmes, achieved a provisional average point score of 41.9 (Distinction Plus), also an improvement on last year and above the national average of 34.7 (Distinction).

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 per cent in July 2014 to 78 per cent in July 2017. The proportion of inadequate schools has reduced from 18 per cent to two per cent over the same period.

A full and detailed report on the results at all key stages for 2015-16 was presented to the Executive at its February 2017 meeting. Confirmed results for 2016-17 will be presented in a similar way in February 2018.

Failure to identify and effectively manage situations where vulnerable children are subject to abuse		Assigned to:
		Director of childrens services
Inherent score: 16 RED	Current score: 9 ↔ AMBER	Target score: 5 GREEN
<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 assurance audits-as well as participating in local safeguarding children's board (LSCB) multi-agency auditing.</p> <p>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.</p> <p>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.</p> <p>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.</p>		

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 are manageable and this is scrutinised monthly through performance management meetings. Use of agency staff also remains low as a result of an ongoing and active recruitment process. Professional development opportunities are created 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 2017 and vacancy rates have been between four to six 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 per cent 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. The number of children subject to child protection planning continues to decrease but remains higher than statistical neighbours. Nonetheless these comparably 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 include 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 and Quality Assurance Sub-group.

The Department for Education reviewed the progress made in Children's Services in July 2017 and that good progress had been noted. There was a strong sense of a supporting culture growing within the council that meant staff felt valued, supported by peers and managers and adequately challenged.

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.

The Isle of Wight children's social care took part in a pilot for the new Ofsted

inspection framework in July 2017. While the findings will not be published because of the pilot status, the inspectors noted many positive areas of strength and acknowledged the areas for improvement that we had identified.

Failure to provide effective arrangements to prevent incidents of abuse of vulnerable adults		Assigned to: Director of adult social services
Inherent score: 16 RED	Current score: 12 ↔ RED	Target score: 6 GREEN
<p>Adult social care is now embarked upon a programme of major transformation and improvement. A new strategy for adult social care entitled 'Care Close to Home' has been developed by the director of adult social services and which has been received positively by colleagues throughout the department. Initial feedback about Care Close to Home from stakeholders in health and the voluntary and community sector has also been very favourable. The strategy was presented to the Health and Wellbeing Board in June 2017</p> <p>There has been a comprehensive performance management framework introduced within Adult Social Care (ASC) which allows for weekly and monthly activity to be closely monitored and issues dealt with swiftly before they have a major impact. Additionally frequent staff surveys have been undertaken with the responses being analysed and shared with staff and any issues brought up are addressed thoroughly.</p> <p>Three Adult Social Care "Big Conversations" have taken place which has allowed staff from all across the service to be briefed on the development of the Care Close to Home strategy. Feedback from these sessions has been analysed and shows that despite the significant change agenda taking place staff have appreciated the openness with which it has been discussed and feel more and more involved as it progresses.</p> <p>Significant improvements in care management have taken place and need to continue. For instance at the end of July 107 case reviews were overdue by more than 15 months. This represents significant and sustained improvement from the end of January 2017 (when 388 reviews were more than 15 months overdue.) For the 2017-18 financial year up to the end of July 49 per cent of reviews were undertaken on time. This is an improvement on the outturn for the 2016-17 financial year which was 40 per cent which is positive in the light of the increased number of reviews being undertaken. In July alone 275 reviews were undertaken and an encouraging 63 per cent were completed within timescales.</p> <p>Similarly 38 assessments were awaiting management authorisation at the end of July. This is a huge improvement on the 210 that were outstanding at the end of December 2016 and 113 at the end of March 2017.</p> <p>Only 27.6 per cent of all safeguarding alerts during July 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. Currently a review</p>		

is underway into the threshold criteria which should positively impact this level of performance.

Finally there were 741 outstanding Deprivation of Liberty applications (DoLS) awaiting assessments at the end of July 2017 with 41 DoLS applications being received during the month and only 11 being completed.

Encouragingly, however, whereas in January 2017 10.6 per cent of all initial contact referrals to ASC resulted in a permanent residential placement, by March 2017, this had reduced to 5.3 per cent and by the end of July it had reduced further to 3.5 per cent. This reflects improvements to the internal decision making processes.

Delayed transfers of care (DTOC) 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.

The council meets weekly with all partners to address each individual DTOC case and to plan how and when that person will be discharged from hospital. The director has taken personal responsibility for the council's performance. Additionally the group manager for short term services attends bed management meetings with health and clinical commissioning group (CCG) colleagues twice weekly to scrutinise discharge and the statistics provided in the 'SitRep' report to the Department of Health. This has significantly improved the council's position to the point that there is confidence that the 'stretch' targets for September will be met by Adult Social Care, however, the NHS target may be missed which would potentially increase the risk of IBCF funding potentially being withheld.

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 RED	Current score: 12 \leftrightarrow RED	Target score: 6 GREEN
<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 funding from the Department of Health and the national programme is being overseen by the New Care Models Team.</p> <p>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.</p> <p>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.</p> <p>A third integrated locality service will be opened in West Wight by the end of October 2017 following the introduction of locality based services in the north east (Ryde - February 2017) and south Wight (Sandown - June 2017). These services</p>		

provide the opportunity for adult social care teams to work alongside professionals from health, affording a joint triage function to be established as well as to undertake joint assessments and reviews which will ultimately lead to better co-ordination of outcomes for those in receipt of services.

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. An assistant director of integrated commissioning is now in post (appointed jointly between the council and the CCG). 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'.

<p>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)</p>		<p>Assigned to:</p> <p>Head of contract management</p>
<p>Inherent score: 16 RED</p>	<p>Current score: 9 ↓ AMBER</p>	<p>Target score: 5 GREEN</p>
<p>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.</p> <p>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.</p> <p>Works on the extremely important highway infrastructure associated with the Asda development have been successfully completed.</p> <p>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. Generally performance on the collection service has been well managed by Amey, although there have been incidences of contamination of mixed recycling materials. A review of the criteria for use of trailers at the Lynbottom site improved the way in which this facility operates.</p> <p>Following the entering into of administration of 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. Detailed individual work programmes and an integrated programme for the three sub-contracts are monitored monthly.</p>		

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 ERM 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.

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
Inherent score: 12 RED	Current score: 12 \leftrightarrow RED	Target score: 9 AMBER
<p>The council's Regeneration Strategy was launched at a conference held on 20 July 2017 in which both local and mainland businesses were invited to participate. The conference was also used to launch a major programme of engagement with Islanders. "The Wight We Want" will be an island-wide conversation about the kind of regeneration Isle of Wight people would hope to see in the future, that will also seek feedback about what is important to people now.</p> <p>Importance is being placed on engaging with people from a breadth of backgrounds. An online survey has been launched and this will be followed by workshops held in community locations across the Island and a youth conference. Feedback from the survey and the events will be used to inform the development of the vision for regeneration of the Isle of Wight.</p> <p>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 £10 million from government to deliver major highway and junction improvements around Newport to enable sustainable economic and housing delivery in the area.</p>		

SR0049 Achieving the vision for the Island		Assigned to: Chief executive
Inherent score: 14 RED	Current score: 12 \leftrightarrow RED	Target score: 6 GREEN
<p>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.</p>		

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. A quarter 1 report was presented to Cabinet on 14 September 2017 and the quarter 2 report will go to Cabinet in November 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 - Audit Committee approves the strategic risks of the council as set out at paragraph 3.
- Option 2 - Audit Committee does 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 - Audit Committee approves the strategic risks of the council as set out at paragraph 3.

Contact Point: David Martin, Senior Project Officer – Programme Management
☎ 821000 e-mail david.martin@iow.gov.uk

CLAIRE SHAND
Head of Resources

CLLR Stuart Hutchison
Deputy Leader and Cabinet member for Resources