



Committee report

Committee	AUDIT COMMITTEE
Date	4 DECEMBER 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 third update of the Strategic Risk Register within the 2017-18 reporting period. The risks were included within the Isle of Wight Council's revised Corporate Plan that was approved by Full Council in October 2017
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: 10 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. Although the council continues to meet these challenges enthusiastically and innovatively the risk rating remains the same to reflect the huge impact on services were we not able to deliver against our financial plan.</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 be 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>The score for staffing capacity and skills remains at amber for the present time. This judgement is made on the basis that the council has now agreed its corporate plan that sets out a longer term vision for the Island, the key strategies that will deliver agreed outcomes and the measures by which progress can be monitored. This affords the necessary clarity of strategic direction for the allocation of all available resources. There continues to be a stable corporate management team in place and the necessary service planning processes are underway that enable corporate priorities to be translated into operational delivery plans and individual work plans. Key aspects of workforce data collected as indicators used to inform considerations of workforce capacity includes the monitoring of the total number of full time equivalent staff, sickness absence levels and voluntary turnover. Over the period of this quarter, the data does not suggest that there is a cause for concern, with outturn data in each of these areas remaining stable at their current levels and is in line with benchmarking undertaken against other local authorities through the CIPFA benchmarking group.</p> <p>Whilst sickness absence is within tolerance of targets set, there has been a steady upward trend in the levels of sickness absence over a three year period which continues to be actively monitored with service departments. A revised absence management strategy is being prepared in response, with a particular focus on promoting positive wellbeing and reducing the number of mental ill health related absences as a common problem apparent for all employers. This is an area that requires continued close monitoring.</p> <p>The council's organisational development programme "Believe in Great", designed in conjunction with staff has now become operational. To assist in the measurement of its success or otherwise, as well as to identify and inform whether there are other areas for intervention, a staff survey is also currently being undertaken. The delivery of the agreed programme of activity has been designed to assist with securing improvements in staff morale and engagement which ultimately improves productivity and wellbeing in the workplace.</p> <p>However, there are a number of factors that may impact on the current scoring of this risk including concerns which are emerging within adult social care about the ability to recruit to some key professional social work posts due to current pay levels and as a result of the changes made to the council's terms and conditions of employment in 2012, it would</p>		

appear that the independent domiciliary care sector is beginning to exceed those of the local authority which is beginning to impact on the recruitment of front line staff. Further investigatory work is being undertaken to consider the options open to the council in response and which avoid the potential for severe impact on the ability to deliver key corporate strategies.

It also remains that the overall reduction in staffing levels in recent years that the council's workforce continues to be stretched, with competing demands in response to emerging priorities and existing commitments. The council is also entering into the budget setting period for 2018/19 which will inevitably place a necessity to further review staffing levels and it will therefore be necessary to consider any impact of proposed staffing reductions against the delivery of corporate priorities.

Failure to Improve educational attainment		Assigned to: Director of Children's Services
Inherent score: 16 RED	Current score: 9 ↔ AMBER	Target score: 6 GREEN
<p>This risk remains at the same level as in the previous quarter. The improvement in the number of schools being rated as "Good" or better by Ofsted shows that excellent foundations are being put in place to drive continual improvement in attainment.</p> <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 71.20 per cent compared to the national figure of 70.7 per cent. The Isle of Wight has also seen an improvement in score 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 and 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</p>		

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.

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](#).

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 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 to Cabinet.

Failure to identify and effectively manage situations where vulnerable children are subject to abuse		Assigned to: Director of Children's Services
Inherent score: 16 RED	Current score: 9 ↔ AMBER	Target score: 5 GREEN
This risk remains at the same level as in the previous quarter. Further embedding of the improvements that have been recognised by Ofsted will see this risk rating reduce		
Children's Services continues to make good progress against the required improvements as reported to Cabinet on 9 November . This has also been supported by an Ofsted pilot focused visit in the summer the outcome of which was strong which was also included in the report to Cabinet.		
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.		
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 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 Services 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 and 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. The inspectors noted many positive areas of strength and acknowledged the areas for improvement that we had identified.

Failure to identify and effectively manage situations where vulnerable adults are subject to abuse		Assigned to: Director of Adult Social Care
Inherent score: 16 RED	Current score: 10 ↓ AMBER	Target score: 6 GREEN
<p>This risk has seen a reduce level (from red) since the previous quarter reflecting the service improvements described below in particular the advancement of the Making Safeguarding Personal.</p> <p>Earlier this year, the director of Adult Social Care commissioned an independent review of safeguarding practice in the summer – with the report received in July. Positively, the review did not identify any adults at risk of harm who were not being responded to. Less positively, the review identified several areas for immediate improvement including: the application of consistent and accurate safeguarding thresholds; the engagement of families and those at risk of abuse in identifying risks and finding solutions; and the implementation of Making Safeguarding Personal. As a consequence, Adult Social Services have strengthened its safeguarding service by appointing a new team manager and providing additional management and change capacity and capability via two highly experienced senior social work managers. A detailed safeguarding improvement action plan has been developed and our progress is being actively monitored by the Safeguarding Adults Board and the Adult Social Care Service Board. Our improvement action plan includes the implementation of a daily “mini MASH” and the local police will soon be installing a computer terminal in Enterprise House to assist the easier cross referencing of people on different databases. Additionally, Adult Social Care have reviewed and changed the adult safeguarding criteria in line with best practice and are now using these with partners. All medical errors are now reported to the clinical commissioning group as opposed to the Adult Safeguarding Team in Adult Social Care and this is beginning to make a positive difference to the safeguarding team's workload and, more importantly, to how the health and care system uses meds errors data in supporting service improvements across individual providers.</p> <p>Throughout September 2017, a total of 117 safeguarding referrals were received. Of these, only 19.6 per cent met the new safeguarding criteria – and 82 per cent of these resulted in a safeguarding strategy meeting convened within seven days. This means that there is still much to do in terms of partner agencies understanding safeguarding criteria and making more appropriate. A more detailed performance scorecard for safeguarding is being developed– which also captures outcomes as is required by Making Safeguarding Personal.</p>		

Failure to secure the required outcomes from the integration of adult social care and health		Assigned to: Director of Adult Social Care
Inherent score: 16 RED	Current score: 11 ↓ AMBER	Target score: 6 GREEN
<p>This risk has seen a reduce level (from red) since the previous quarter reflecting the performance improvements that are described below in particular the slowing in the rate of</p>		

admissions to residential or nursing care and the very strong performance against national targets for delayed transfers of care.

All Integrated Locality Services are now in place and multi-disciplinary team meetings are happening across all three teams and are beginning to show results. For instance, the growth rate in non-elective admissions into hospital is now below the national average (the most recent data available is for July 2017 when our rate locally was 1.1 per cent as opposed to 3.8 per cent nationally).

The numbers of elderly people funded by the local authority entering permanent residential care has reduced significantly so far this year - from 951.9 per 100,000 people during 2016/17 to 764.15 per 100,000 people as at the end of September 2017.

Joint commissioning across health and social care has made sure progress over the past quarter – with our Better Care Fund section 75 agreement in place and our plans commended by NHSE region. The system has been asked to host a national “Hospital to Home” best practice visit on the 7 November 2017. Equally, the progress review by the Learning Disability Peer Review Team on the 23 October has confirmed that progress has been made against all 16 original recommendations. All of the schemes funded through the Improved Better Care Fund are either already started or about to start and these will support the health and care system throughout a potentially very difficult winter.

The Care Close to Home strategy is most definitely beginning to make a difference in terms of both better outcomes for those we serve as well as to our financial sustainability. Our care management processes are operating more effectively in the great majority of areas with the key exception of outstanding DoLs. For instance, our performance in completing needs assessment on time has improved from 55 per cent in January 2017 to 84 per cent in September 2017. The number of review overdue by three months or more has reduced from 388 at the end of January 2017 to 106 at the end of September 2017. The backlog of assessments have been removed for prisoners (the Care Act introduced a statutory duty to meet the assessed social care needs of people detained in prison).

Of particular note, performance around the delayed transfer of care, has remained strong and have exceeded the nationally set September targets. Our target is 4.58 per 100,000 people and at the end of September our performance was 2.4 per 100,000. This means, unlike 32 other local authorities, that we will retain the totality of our Improved Better Care Fund monies.

The reason for attributing a risk rating here of amber and not lower is three fold. First, Adult Social Care are experiencing high numbers of people already living in residential or nursing care who have exhausted their own resources (ie reached the £24,000 threshold after having sold any property and used any savings) and become the financial responsibility of the council. In the 12 months between September 2016 and August 2017, the department assumed financial responsibility for 64 people in this situation, at a total cost of £789,207.

Second, there were 762 Deprivation Of Liberty assessments awaiting completion at the end of September. Again, we have developed a detailed action to deal with this – and identified the resources within our existing financial envelope necessary to bring staff in to undertake these assessments as well as to deliver a more sustainable response moving forward by training 11 social workers in November in how to undertake these assessments.

Finally here, this risk is at amber and not lower because of the lack of system capacity in responding to breaches of performance standards at the hospital that have already been exposed as we enter into winter. In the week of 23 October, the system was placed at Opel 3 – meaning twice daily conferences involving many senior leaders and operational colleagues across Adult Social Care in supporting people's discharge from hospital

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 RED	Current score: 9 ↔ AMBER	Target score: 5 GREEN
<p>This risk has retained the same level as it had at the end of the previous quarter.</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 reviewed and undertaken.</p> <p>A number of detailed work programmes are now in place with Island Roads which include 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>To mirror the process in place for the waste contract a PFI member review board has been set up. Officers hold weekly traffic meetings to discuss programmed works and separate monthly project and payments meetings.</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.</p> <p>Following the entering into of administration of Amey's subcontractor, Energos last year, a new contractor, Michaelis, was appointed to provide the energy recovery element of the Forest Park site. 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 environmental permit for the Michaelis plant is anticipated to be received before the end of the year. 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> <p>The Pan development continues to have a fully operating Pan Manco which includes directors from Barratt, David Wilson (BDW), the council and Sovereign Living. The Manco continues to use ERM consulting as a support service/management agent. The Manco has recently held a resident open day and met with the newly formed residents' association's 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 the Manco is undertaking due diligence prior to agreeing transfer. Considerable progress has been made recently on dealing with snagging works on parts of the carriageways in the earlier phases to enable adoption to take place. Following adoption responsibility for the roads will move from BDW to Island Roads.</p>		

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 ↔ RED	Target score: 9 AMBER
<p>This risk has retained the same level as it had at the end of the previous quarter. As key development projects become more mature is likely that the level for this risk will see a reduction.</p> <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>A range of key development projects involving the councils land assets have been assembled and brought to outline business case, in addition the council is now also taking a more pro-active approach to enabling development by other parties where it has no controlling interest.</p> <p>Engagement with the Island business community has been improved through the establishment of a Business Reference group comprised of over 50 companies drawn from a cross section of Island based businesses. This group is helping inform development of a new Economic Development plan which seeks to build on existing sector strengths (such as composites and marine) and attract new sectors. This was further enhanced through the recent staging of the first "Digital Solent" conference on the Isle of Wight which sought to develop the Islands credentials as a place to invest and a major £40m private sector investment in full fibre broadband infrastructure was announced at the event.</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 ↔ RED	Target score: 6 GREEN
<p>This risk has retained the same level as it had at the end of the previous quarter. The Corporate Plan reflects a different approach to discharging the duties of the Council placing much wider emphasis on growth and regeneration than savings and economies which has previously been the case.</p> <p>The plan was agreed in October 2017 and provides a clear vision for the council to be, "an inspiring place in which to grow up, work, live and visit". Once the plan is properly</p>		

embedded a reduction in the risk rating is likely.

The corporate plan, is written as a partner document to the council's medium term financial strategy (MTFS), to ensure its aspirations are delivered within the council's overall financial envelope and strategy.

The corporate plan identifies twelve key outcomes that will be the focus of the council's activities over a ten year period, recognising that, depending on the prevailing operating environment, it may apply a different priority to each outcome. Presently, the financial sustainability of the council remains its most significant challenge; therefore finding a place where the council's annual expenditure is no greater than its annual income is the core focus of the council's activities.

Central to the achievement of the council's vision is the structure of the plan; it provides short (3 years) and long (10 years) terms targets,. These targets, describe the improvements to Island life, if the council is successful in delivering its vision.

The corporate plan is intended to inform all of the future plans of the council over its term, ensuring alignment of all of its activities with its wider corporate aspirations. The plan, does not in itself deliver the vision, but rather provides the framework by which it can be achieved; the council's performance managed consistent with the vision and adjusted as required to ensure the council maintains its focus on its aspirations.

A corporate peer challenge, being undertaken by the LGA in November, will test the robustness of the council's vision and plans to achieve it, as described in the corporate plan. It will provide some helpful assessment, of the degree to which the council as a whole understands and is driven by this strategy, and the degree to which it is embedded in the council's service planning and delivery processes. It will also give a useful check on the council's ability and capacity to deliver these aspirations within the timescales it has set for itself.

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 January 2018

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.

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