



Committee report

Committee **AUDIT COMMITTEE**

Date **21 May 2018**

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 regard 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 fourth 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</p>		

council also resolved to take a "debt repayment holiday" for five years which has:

- 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 and the 2018/19 budget and capital programme has been prepared in accordance with the approved MTFS

In particular, the budget for 2018/19 approved by the council in February 2018 included a planned increase in general reserves of £3.2 million taking general reserves to £11.2 million by the end of March 2019 and consequently improving the council's overall financial resilience. Also in February 2018, the council's medium term financial forecasts were comprehensively revised and the opportunity taken to further "smooth out" the council's necessary savings over a longer period which was enabled by the council's improved financial resilience.

As at the end of the fourth quarter for 2017/18 the council is forecasting an overall underspend of £2.9 million which equates to 1.9 per cent of the net revenue budget. This position is still subject to change as the accounts for 2017/18 are in the process of being closed down. Of particular note is that the largest spending and most demand led service areas of Adult Services and Children's Services are forecast to be in financial balance at the year-end which is a significant achievement.

As approved by Full Council in February 2018, any underspending for 2017/18 arising at the year-end (after allowing for specific carry forward requests) be transferred to the transformation reserve, revenue reserve for capital (to increase the capital resources available) and general reserves (to improve overall financial resilience and support additional capital investment) with the level of each transfer to be determined by the section 151 officer.

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 in this reporting period. This judgement is made on the basis that the council has an agreed corporate plan with many of its key strategies to secure agreed outcomes being well underway. However, in November 2017, the council participated in the Local Government Association's corporate peer review challenge programme as a means to provide an independent view of the council's progress in its performance and improvement journey. One aspect of the review is to examine capacity to deliver. The review</p>		

team highlighted that it considered there to be insufficient capacity within the corporate centre to secure the necessary pace and delivery of a significant number of initiatives and programmes towards achievable outcomes. To that effect, the chief executive will be reviewing the staffing resources necessary to address this highlighted issue and reporting to Cabinet in due course.

Wider workforce capacity and the skills required to deliver against the council's priorities will also continue to be monitored closely. A key element of this is through the collation and regular review of workforce data collected as indicators used to inform considerations of workforce capacity. This includes the monitoring of the total number of full time equivalent staff, sickness absence levels and voluntary turnover.

Sickness absence remains within tolerance of targets set and is showing signs of a slight downward trend in the levels of sickness absence over the previous four month reporting period. A specific focus on promoting positive wellbeing and reducing the number of mental ill health related absences as a common problem apparent for all employers continues. The corporate management team have recently approved a revised sickness absence strategy in order to respond to areas highlighted as in need for improvements to be secured.

Recruitment in some adult social care roles continues to be problematic, especially for mental health specialist posts where four recruitment rounds have not yielded a successful result and for the out of hours duty rota for adult mental health professionals (a statutory requirement for 24/7 cover).

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. 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 early years are 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 71.2 per cent which is 0.5 per cent higher than the national figure.</p>		

The final data sets for the end of primary education (Key Stage 2) are now available. Attainment in reading on the Island has increased from 64 per cent to 72 per cent which is now in line with the national average. Following work with schools on writing moderation 72 per cent of Isle of Wight pupils met the national standard compared with 76 per cent nationally. Mathematics remains the focus of attention. Although the proportion of pupils attaining the national standard in mathematics increased from 63 per cent to 69 per cent on the Island that is still well below the national average of 75 per cent. The council has recently received approval from the Department for Education's Strategic School Improvement Fund for £153,000 to work with schools to address this issue. This work is now underway.

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.

The national data sets have just become available and a report was taken to the Policy and Scrutiny Committee for Children's Services in March so that members could scrutinise the outcomes. The direction of travel shows an improvement compared to national comparisons but fundamentally standards still require much improvement. For example, in the 'Basics' a measure of students attaining a good GCSE in both English and mathematics the proportion of students attaining this standard has improved from 52 per cent to 55 per cent whereas nationally the improvement has been from 63 per cent to 64 per cent. Isle of Wight students are closing the gap towards national averages but the pace of improvement needs to be quickened. A bid is being developed with colleagues from within a 'teaching school' and the regional schools' commissioner to address this issue and will be submitted in April 2018.

In post 16 the provisional outcomes show that Island students continue to outperform national averages in technical and vocational subjects. Outcomes at A level continue to be below national averages, particularly at the higher grades needed to access the Russell Group of universities. A report was prepared for the Policy and Scrutiny Committee for Children's Services in March with the final data so that members could scrutinise the outcomes.

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 80 per cent currently. The proportion of inadequate schools has reduced from 18 per cent to two per cent over the same period.

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.

A new team structure has been implemented, removing the Referral and Assessment Team and developing 4 Children's Assessment and Safeguarding Team (CAST). Each team takes responsibility for intake for one week per month. Assessments are undertaken and if the decision is for the case to be subject to child in need planning or child protection planning then the same worker holds the case. This reduces transition points for families, and means that assessments are through and interventions can start at an earlier stage. The approach was piloted in HCC and the feedback has been very positive across families, partner agencies and with the workforce. Performance will be monitored across the CAST teams through the Performance Action Group.

The last quarter has seen a slight reduction in timeliness of assessments within children's social care. This is partly attributed to the movement of staff (and cases) across teams whilst CAST was being implemented. Each team is aware of the importance of timely assessments and clear targets are in place.

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 (CSE), 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. 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. A multi-agency audit undertaken through the Isle of Wight Safeguarding Children's Board (IOWSCB) in February demonstrated an improvement in partnership working in identifying risks regarding CSE and effective planning was in place in all cases audited. Areas for improvement have also been identified and this work is being progressed through the IOWSCB Performance and Quality Assurance Group

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 continue to be 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 continues to remain low so far in 2018 and vacancy rates have been between four and six social workers. The use of 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 has slightly increased over the last quarter and remains higher than statistical neighbours. Nonetheless these comparably high numbers of children subject to child protection plans creates pressure on the wider safeguarding system.

A new quality assurance framework is being implemented across the service. This involves monthly case file auditing and practice observations, auditing of supervision files, and quarterly 'Windows into practice' weeks. The first of these took place in April and focused on looked after children. A new online survey, using snap survey software, is used to undertake case file audits-this makes reporting easier, the focus for auditing has moved from purely compliance to quality of plans and interventions. Other forms of quality assurance include; re-auditing cases, thematic audits, peer audits, workshops and peer inspections.

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 Action 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 fed back 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 Hearing Young People's Experiences (HYPE) Group. This group scrutinises performance in relation to looked after children and identifies where further improvements can be made.

Quarterly performance reports are presented to the Children's Policy and Scrutiny Committee.

Failure to provide acceptable quality of professional practice across Adult Social Care		Assigned to: Director of Adult Social Care
Inherent score: 14 RED	Current score: 12 ← → RED	Target score: 6 GREEN
<p>Person centred care and support: The rating remains the same as the previous report because, while some actions that reduce risk have been completed, we have seen other risks emerge. In particular, we have seen a decrease in the numbers of scheduled reviews being completed – and while we are reviewing this deterioration in detail, we think it is because of the increased numbers of unscheduled reviews we have needed to undertake due to a sudden change in people's needs associated with the adverse weather as well as new processes to ensure that everyone entering a short term residential placement from hospital is reviewed in a very timely fashion in order to avoid permanency.</p> <p>While 2017 revealed key progress in internal assessments, review and management authorisation processes, we remain aware quality of professional practice is not as person centric as it needs to be. In particular, we must successfully implement strength based approaches to social work assessment, planning and review activities and a major piece of work is currently underway to revise our existing forms and accompanying training. We are also making positive progress in reducing the numbers of outstanding deprivation of liberty assessments (although we need to adjust our approach to matching that progress with securing management authorisations of those assessments).</p> <p>The results of the independent review of mental health social work practice were received at the end of March and reveal the depth and breadth of improvements that must be secured in terms of: professional leadership of the service; quality of professional practice; and effectiveness of partnership working. The reviewers were returning on 23 April to present their findings to the team and to begin working on the action plan needed. Engaging service users in this process will be of fundamental importance.</p> <p>We have also received the draft Care Quality Commission (CQC) inspection report for Seagulls – another of our internal homes for people with learning disability. At the time of writing, the report remains confidential to CQC as they have not yet published. Caveat aside, it is fair to say that CQC are again recommending several areas for improvement in terms of person centred practice. The new service manager for learning disability started on 9 April and brings expertise from very successful and innovative learning disability organisations elsewhere. We have also developed a comprehensive improvement plan for all of the learning disability care homes – and its implementation is being very closely monitored with monthly progress reports brought to the Adult Social Care Service Board.</p> <p>During 2018, therefore, the learning and development, quality assurance and performance management focus of the department will be on the improved quality of professional practice – be that social work assessments and review processes, the care delivered in our in-house provision and quality assurance methods.</p>		

Adult Social Care is currently located primarily at Enterprise House on St Cross Business Park on Newport Industrial Estate. The lease on this building ends in 2019 so the whole service will have to be relocated. Plans are being formulated to ensure that this happens with the minimum of disruption that allows the service to continue its improvement by accommodating ASC at an appropriate site.

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: 9 ↓ AMBER	Target score: 6 GREEN
<p>Since the last strategic risk review report, the safeguarding action plan has been further implemented in several key areas: multi agency risk management (MARM) meetings have been mainstreamed as an approach with our partners (and we have been asked to present to a regional conference as a good practice example); the daily meetings with the police have continued and these have enabled a consistent response to be given to those people of greatest concern in terms of the safeguarding risks they face; dedicated training has been provided to safeguarding team members in terms of cognitive behavioural therapy (so that they can better identify and work with people experiencing significant trauma). However, we continue to face notable risks in this area and hence we are not reducing the rating from the previous report.</p> <p>For instance, we have not agreed a solution with the Medicines Management Team in the clinical commissioning group (CCG) for them to receive medications errors: these continue to be reported straight to the safeguarding team. The CCG is currently unable to receive these referrals because of an internal lack of capacity. This situation has now been escalated to the new director of community services for the trust who will be supporting a change in this safeguarding pathway.</p> <p>The performance indicators for safeguarding have continued to improve. Safeguarding meetings held within seven days of referral increased to 98 per cent. There were 24 cases closed or concluded in the month and of those 71 per cent had a case conference within 28 days of the referral (an increase from 54 per cent in January).</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: 10 ↓ AMBER	Target score: 6 GREEN
<p>This risk also shows no change from the previous report. The Local Care Board continues to provide senior level oversight and direction pertaining to how well health and ASC work together to the benefit of those we serve.</p> <p>There are effective systems and processes in place around the management and continued depression of delayed transfers of care (DTC) with ASC exceeding its target every week since introduction by NHS England. We are now extending our successful DTC approach to addressing flow in reablement, rehabilitation and short term placements made into residential care for people leaving hospital (who, while medically fit for discharge, remain in need of 24 care and supervision).</p>		

The key risks pertain to the roll out integrated locality working at scale. While the trust has now published its high level organisation structure for its new Community Directorate, it remains unclear as to the level of integration that will take place at senior leadership level. .

Finally here, it should be noted that the hospital has experienced ongoing pressure throughout most of February and March – with the exceptional adverse weather creating significant spikes of acute ill-health post the very cold and wintery spells. We have continued to provide additional social work support in the evenings and at weekends in accident and emergency in order to avoid hospital admissions whenever possible.

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

This risk has retained the same level as it had at the end of the previous quarter.

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 and we are working through dealing with these. The agreed systems to audit performance through a monthly service meeting and payments meeting continue to be reviewed and undertaken.

PFI

A number of detailed work programmes are now in place with Island Roads which include a review of some historical contractual issues that as yet remain unresolved and a clear savings programme, which has a board which consists of senior representatives from the council, operational company (Op Co) and special purpose vehicle (SPV) and a series of savings working groups with responsibility for delivering savings linked to the council's budget strategy.

There are always risks associated with delivery of milestones in the contract and these are managed by the contract management team working with the SPV and Op Co.

Waste

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.

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. The community waste forum continues to meet on a regular basis and provides the opportunity for the council and Amey to keep interested community representatives apprised on how the contract is performing

and to consider potential innovations.

The mechanical recovery facility that will operate at the front of the Forest Road site is at an advanced stage of construction of the building that will house the sorting machines. These machines will use state of the art technology to sort and grade recycling for the onward market and pull dirty recyclables from the black bag waste before converting the non-recyclables to fuel for the energy recovery facility. The machinery that is sorting the recyclables and non-recyclables is being built by Stadler in Germany and will start to arrive on site in Spring 2018.

Pan

The Pan development continues to have a fully operating Pan Manco which includes directors from Barratt, David Wilson (BDW), the council and Sovereign Living and uses ERMC consulting as a support service/management agent.

The district heating system presents a significant risk to the project and the Manco are working with ERMC to develop options to manage this risk addressing both the affordability and the long term sustainability issues associated with such a scheme.

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: 10 ↓ RED	Target score: 9 AMBER
<p>This risk remains as for the previous quarter. There is continued progress on the key regeneration projects and further work has commenced on smaller development sites in council ownership to bring about some quick wins. This risk will hopefully be further improved as confidence grows in the councils focus on investment and development which has recently been demonstrated by the purchase of two blue chip investment properties in support of the corporate objectives.</p> <p>The council has also completed on the purchase of land at the Island Technology Park in East Cowes to bring forward new employment floor space and alongside the investment being completed at Kingston Marine Park is further evidence of the council confidence in and commitment to the regeneration and economic development of the Island.</p> <p>The council also delivered a digital conference attended by an international audience to showcase the Island's opportunities to exploit the local economy in this sector.</p> <p>The planning approval of the development at the Harrison's site in Cowes is a further indication of confidence in the islands economy given the significant housing and employment scheme proposed and investment required.</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>The impact of this risk materialising will always be high, therefore the council through its actions, is really only able to affect the likelihood of the risk occurring. The current red score of 12 reflects a view that the risk is still likely to materialise and is unchanged from the previous quarter. The council's new Corporate Plan (October 2017), medium term financial strategy and setting a legal and balanced budget for the new financial year, place the council in strong position to mitigate this risk, its likelihood is therefore continuing to reduce but is not yet unlikely (amber score of 9).</p> <p>The results of, and the council's response to, the outcomes of the recent corporate peer challenge (being considered in May) and the council's improving performance in Children's Services, Adult Social Care and regeneration activities as reported in the quarterly performance reports, all contribute to achieving the vision of making the Isle of Wight, "an inspiring place in which to grow up, work, live and visit". Specific activities in the coming financial year in respect of regeneration, housing, health and care and also one public service, will all support the mitigation of this risk.</p>		

STRATEGIC CONTEXT

4. Strategic risks are those that have the potential to prevent the council from achieving its strategic priorities. Senior managers 'own' strategic risks according to their particular responsibilities. Strategic risks are brought to the attention of Cabinet in that they are linked to the corporate priorities of the council in the quarterly performance report. A quarter 2 report (the first based on the new Corporate Plan) was presented on 11 January 2018 and a quarter 3 report was presented in March 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.

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

CLAIRE SHAND
Head of Resources

CLLR Stuart Hutchinson
Deputy Leader and Cabinet member for Resources