



# Committee report

Committee	<b>AUDIT COMMITTEE</b>
Date	<b>30 JULY 2018</b>
Title	<b>THE COUNCIL'S RISK PROFILE</b>
Report of	<b>THE HEAD OF RESOURCES</b>

## EXECUTIVE SUMMARY

1. The purpose of this report is to give the committee an opportunity to review the current position with 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 first update of the Strategic Risk Register within the 2018-19 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.

<b>Lack of financial resource and the ability to deliver the council's in-year and medium term budget strategy</b>		<b>Assigned to:</b>  <b>Director of finance and section 151 officer</b>
Inherent score: 16 <b>RED</b>	Current score: 13 <b>↔</b> <b>RED</b>	Target score: 10 <b>AMBER</b>
<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 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.

Since approving the revised budget for 2017-18 (previous financial year) in February 2018, the council's accounts have now been closed and a further saving of £5 million has been achieved. This equates to 3.3 per cent of the total net budget. Of particular note is that the largest spending and most demand led service areas of Adult Services and Children's Services have achieved 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) will 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. The section 151 officer has consulted the leader and deputy leader, considered both the scale of the gap between the council's capital investment needs and aspirations and the capital resources available as well as the necessity to be able to fund spend to save schemes of significant magnitude and has determined that £2 million is transferred to the transformation reserve and £3 million to the revenue reserve for capital.

<b>Insufficient staffing capacity and skills</b>		<b>Assigned to:</b>
		<b>Head of resources</b>
Inherent score: 16 <b>RED</b>	Current score: 9 ↔ <b>AMBER</b>	Target score: 8 <b>AMBER</b>

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 continuing to be well underway. However, in light of the outcomes from the council's participation in the Local Government Association's corporate peer challenge programme which highlighted that the review team considered there to be insufficient capacity within the corporate centre to secure the required pace and delivery of key initiatives and programmes, it is considered necessary to assert caution until such time as it is possible to report the delivery of additional capacity. Following Cabinet approval of the action plan in response to the corporate peer challenge at their meeting in May 2018, the chief executive has initiated a senior management structure review which

seeks to address the highlighted capacity gaps. The delivery of a revised structure is now underway as is a recruitment campaign for a number of key posts as a key element of securing the necessary capacity

Wider workforce capacity and the skills required to deliver against the council's priorities also continues 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 continues to remain within tolerance of targets set and is showing further signs of a slight downward trend in the levels of sickness absence. 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 and the council has committed to signing the time to change employer pledge as part of its commitment to improving the wellbeing of employees.

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). Additionally social work roles are presently being filled agency staff whilst recruitment difficulties continue. This situation is being prioritised by HR within a wider piece of work on recruitment and retention of staff.

<b>Failure to Improve educational attainment</b>		<b>Assigned to: Director of Children's Services</b>
Inherent score: 16 <b>RED</b>	Current score: 9 ↔ <b>AMBER</b>	Target score: 6 <b>GREEN</b>
<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"> <li>1. Ensuring that all schools are good or better. (Ofsted ratings)</li> <li>2. Building on improvements in standards.</li> <li>3. Ensuring schools are good for all children.</li> <li>4. Leading a cohesive system for children based on effective partnership working.</li> </ol> <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> <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.</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.

A report was taken to the Policy and Scrutiny Committee for Children’s Services in March so that members could scrutinise the outcomes from the finalised GCSE outcomes drawn from the national data sets. 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 to the Strategic School Improvement Fund has been developed with colleagues from within a teaching school and the regional schools’ commissioner to address this issue and was submitted in April 2018. We are now awaiting the outcome of this bid.

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. A bid to the Strategic School Improvement Fund is being developed with colleagues from within a teaching school, the regional schools’ commissioner and with the support of the Wessex Group of Colleges to address this issue and was submitted in April 2018. We are now awaiting the outcome of this bid.

In addition to the above data the proportion of schools graded as a good or better by Ofsted has risen over this academic year. 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.

<b>Failure to identify and effectively manage situations where vulnerable children are subject to abuse</b>		<b>Assigned to:</b> <b>Director of Children’s Services</b>
Inherent score: 16 <b>RED</b>	Current score: 9 ←→ <b>AMBER</b>	Target score: 5 <b>GREEN</b>
<p>This risk remains at the same level as in the previous quarter.</p> <p>Children’s Services continues to make good progress against the required improvements as reported to policy and scrutiny committee for children’s services On Thursday, 7 June 2018.</p> <p><a href="https://www.iwight.com/Meetings/committees/Policy%20Scrutiny%20for%20Children's%20Services/7-6-18/agenda.pdf?636657778152837859">https://www.iwight.com/Meetings/committees/Policy%20Scrutiny%20for%20Children's%20Services/7-6-18/agenda.pdf?636657778152837859</a></p> <p>This has also been supported by an Ofsted pilot focused visit and a peer inspection by Hampshire in 2017. The outcomes of which were positive and included in the report to Cabinet.</p> <p>The annual self-evaluation has been completed and the annual conversation between the Director of Children's Services and Ofsted took place in March 2018. An inspection under the new Ofsted ILACS (Inspecting Local Authority Children’s Services) framework will take place this year. The data, documents and evidence that Ofsted requires when the inspection is initiated has been collated in preparation.</p>		

The Isle of Wight takes back the hosting of our Integrated Children's Services (ICS) IT system in July 2018 and a procurement exercise in parallel with Hampshire is due to start in July to purchase a new ICS. Associated with this is Children's Social care plans to digitalise how it works providing social workers with mobile devices so they can spend more time with families providing direct interventions that safeguards children and promotes their well-being.

Early help assessments continue to be 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 thorough and interventions can start at an earlier stage. The approach was piloted in Hampshire and the feedback has been very positive across families, partner agencies and with the workforce. Performance is monitored across the CAST teams through the Performance Action Group (PAG).

Quarter 4 assessment timeliness was 89.4 per cent compared to 82.4 per cent in Quarter 3. Each team is aware of the importance of timely assessments and clear targets are in place and performance is managed through Performance action group (PAG) and by Hampshire at the county PAG. .

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.

The Family Intervention Teams (FITs) continue to support families enhancing the delivery of child in need and child protection plans. These teams are comprised of adult substance misuse workers and adult mental health workers. The Isle of Wight is working with Public Health to bid for government funding to develop this type of working further.

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.

Performance in relation to children in need planning demonstrates that 97 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 rate per 10,000 of children subject to child protection planning, children in need and children looked after remains higher than statistical neighbours. This is likely to be because of a number of factors both structural (child poverty levels) and cultural (an historic legacy of inadequate services). Nonetheless these comparably high rates continue to exert pressure on the wider safeguarding system.

A new quality assurance framework has been 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. The second week took place in June and focused on children in the public law outline process. A new online survey, using snap survey software, is used to undertake case file audits. The focus for auditing has moved from purely monitoring compliance to understanding the quality of social work practice through feedback, plans and interventions and outcomes for children. 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 all levels of management. This includes a quarterly high level report that is presented to Children's Services Senior Management Team and Performance Action Group. A monthly dip sample of audits is undertaken to determine if the actions identified have been implemented. The learning and actions from audits are incorporated into the Quality Improvement Plan to inform improvements in social work practice. Multi-agency reflective case discussions are held regularly to learn from practice and to also inform improvements.

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 care leavers and identifies where further improvements can be made. The Local Offer for care leavers has been developed providing support to care leavers up to the age of 25 years. A procurement exercise is planned this year with Housing to tender for an improved offer of supported accommodation for vulnerable young people.

A multi-agency integrated commissioning board has been established to identify opportunities to commission services together more efficiently, to identify savings, to manage risk and invest in preventative work.

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

<b>Failure to provide acceptable quality of professional practice across Adult Social Care</b>		<b>Assigned to:</b> <b>Director of Adult Social Care</b>
Inherent score: 14 <b>RED</b>	Current score: 12↔ <b>RED</b>	Target score: 6 <b>GREEN</b>
<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.</p> <p>The assistant director and service manager urgently need to bring a paper to the Adult Social Care (ASC) Leadership Group setting out their plans for their restructuring. It is fair to say that there is current confusion among staff and the director has stopped any further changes until the usual governance has been applied.</p> <p>In addition, we have seen an increase in the level of agency workers needed to complete key work in the high cost review programme (with the associated expense). We have created a dedicated 'assess to discharge' team comprising three social workers, so that people entering into short term placements straight from hospital can be reviewed within days of entering the care home and be supported to go home. This has increased grip around the case management of these people – but we are seeing too few of these people going home.</p> <p>Progress has been made in the redesign of our assessment and planning tools so that they better follow a strengths based approach. Practitioners and managers from across the department have been engaged in the co-production of these new tools. They are being put onto the PARIS system and a series of training sessions for practitioners and managers is under development.</p> <p>We are also making positive progress in reducing the numbers of outstanding deprivation of liberty assessments. A report was brought to the June ASC Service Board requesting further funding and there is no budget provision to do so. Accordingly, we are engaging with other local authorities to see how they are approaching this matter (as we still await a judgement from the High Court regarding interpretation as to whether everyone entering a care home requires a Deprivation of Liberty (DoL) assessment) and also to look at our ability to complete these DoL assessments moving forward for those people with care and support plans demanding 24 supervision.</p> <p>An action plan has been produced in response to the independent review of mental health social work practice – the Mental Health Team has been heavily engaged in its development. The next stage is to test this with service users – as well as colleagues in the trust's mental health services.</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> <p>Good progress has been made in identifying the future accommodation needs of ASC post exit from Enterprise House. However, there has been a delay in the development of the mobile working pilot. This was due to start in July – but to date no information has been provided about what kit is being./has been purchased nor the consequent learning and development needs of staff and managers who will be asked to use this kit.</p> <p>Wi-Fi has not yet been enabled across all of the Learning Disability care homes. This is preventing us from being able to allow staff to complete mandatory training on line – and this is being identified as a failing by the Care Quality Commission in its inspections, impacting negatively on the resultant rating accorded under the "well led" key line of enquiry.</p>		

In 2016 Her Majesty's Revenue and Customs (HMRC) changed its approach to its current view that the National Minimum Wage (NMW) is payable for every hour worked of a sleep-in and has carried out audits of NMW compliance since then of social care providers. HMRC has the discretion to consider underpayments going back six years; to levy fines and require employers to pay back pay of outstanding salary going back up to six years. In addition, employees can bring claims in the Employment Tribunal for back pay of up to six years. While the council is satisfied that it has no liability as a provider as within its internal services it has always paid staff above the NMW for sleep ins there is a risk that external providers of social care will seek to pass on any historic liability back to the local authorities that have commissioned them. This would only apply to care packages falling outside of the council's care bands which includes the majority of learning disability placements, section 117 placements and some placements for elders with complex needs. The statute of limitations could enable them to bring a claim for the past six financial years. To mitigate this Adult Social Care will continue to liaise with the South East Association of Directors of Adult Social Services (SEADASS) to ensure the approach we take is consistent with that adopted by other local authorities.

<b>Failure to identify and effectively manage situations where vulnerable adults are subject to abuse</b>		<b>Assigned to:</b> <b>Director of Adult Social Care</b>
Inherent score: 16 <b>RED</b>	Current score: 9 ↓ <b>AMBER</b>	Target score: 6 <b>GREEN</b>
<p>Very positively, since the last strategic risk review report, the Safeguarding Adults Board has approved the "adult safeguarding threshold and decision making tool". This is now being disseminated with an accompanying training plan.</p> <p>In the absence of a service manager for mental health and safeguarding, we are using an independent person to provide mentoring support to the safeguarding team and manager.</p> <p>Health have confirmed that they fully intend to attend the multi agency safeguarding meetings which look at, and determine the response to, those cases of high risk. This will be a very positive development when it happens.</p> <p>Commissioning have been working especially effectively with the safeguarding teams in responding to safeguarding concerns within individual provider's services. This has resulted in detailed action plans being produced by providers – which are then closely and jointly monitored.</p>		

<b>Failure to secure the required outcomes from the integration of adult social care and health</b>		<b>Assigned to:</b> <b>Director of Adult Social Care</b>
Inherent score: 16 <b>RED</b>	Current score: 12 ↑ <b>AMBER</b>	Target score: 6 <b>GREEN</b>
<p>This risk has been increased from the last report because there is an immediacy to some key strategic decisions that are required regarding the future depth and breadth of integration across health and care – but mainly because new targets for ASC have been set by NHS England that will be difficult to achieve.</p> <p>The Local Care Board has asked for work to be undertaken to develop our local model of Place Based Commissioning. From the council's perspective this could include commissioning for: ASC; public health; Disable Facilities Grants (DFGs); homelessness; supporting people; and some children's health services (eg school nursing). From the clinical commissioning group (CCG) perspective, this could include commissioning for: primary care; community health services; tier 1 and 2 mental health services; learning</p>		



disability services (excepting those people currently subject to the Transforming Care programme); and urgent and emergency care. The “urgency” pertains to the fact that the Isle of Wight CCG is now part of the wider “Hampshire Partnership” of five CCGs and the accountable officer for the partnership is currently appointing to her leadership team, wanting an area director in each of the five CCGs. The Local Care Board wants to explore the potential for this post to be a joint CCG/Isle of Wight Council post – but if this is to happen, the proposal will need to be drawn up as quickly as possible.

Thirty, 60 and 90 day implementation plans have been worked up for the Integrated Locality Services – which now contain over 100 staff. In addition, progress is being made in scoping the operating procedures that will be used by the ILS.

Operational from September, ASC received its new target for delayed transfers of care (DTC) from NHS England in May. Our current target is 4.58 per 100,000 people – and NHSE has further raised this to 2.6 per 100,000 people (approximately 40 per cent). In order to meet this target in practical terms, this means that we are allowed only three people at any one time to be DTC attributable.

In addition, a letter from Pauline Philip, the national director of urgent care at NHS England that was copied to all directors of adult social services sets out exacting new standards to be met in order to reduce the numbers of patients experiencing extended stays (over 21 days) in hospital – as well as a target which is expected to be met across health and adult social care. The Isle of Wight must reduce the numbers of people experiencing an extended hospital stay by 26 per cent by December 2018.

Finally here, it should be noted that the hospital has experienced ongoing pressures in the acute sector and has escalated to Opel 4 twice in June

<b>The council fails to achieve the required outcomes from its significant contractual relationships and fails to successfully resolve some anomalies in the contract's interpretation (in relation to the 25 year highways PFI contract)</b>		<b>Assigned to:</b>  <b>Head of contract management</b>
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	---------------------------------------------------------------

Inherent score: 16 <b>RED</b>	Current score: 9 <b>↔</b> <b>AMBER</b>	Target score: 5 <b>GREEN</b>
----------------------------------	-------------------------------------------	---------------------------------

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 savings programme has commenced and additional capacity commissioned to lead this programme. 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. In addition the senior management restructure proposals provide for additional capacity within the contract management team.

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 and meet as required. Officers hold weekly operational meetings with Amey and separate monthly project and payments meetings.

The Officer Waste Project Board and Member Review Board continue 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 appraised on how the contract is performing and to consider potential innovations.

Operationally take up of the new green waste subscription service has been very good with subscriptions now exceeding 5,500.

Amey won the commercial contract for waste management at this year's Isle of Wight Festival.

Progress on the new waste facilities at Forest park continue at pace. The mechanical recovery facility that will operate at the front of the Forest Road site is at an advanced stage of construction with all significant machinery and parts on site. It will move towards readiness testing and acceptance testing over the next couple of months. All significant elements of the back end energy recovery facility are also now on site and a detailed coordinated work programme has been agreed. This plant will move into a similar readiness/ acceptance testing phase during the spring of 2019. Amey has held recruitment fair for a number of positions relating to these facilities.

### Pan

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

A significant event in recent months has seen the completion of the internal spine road as a through route from Staplers to the St George's roundabout although the newly opened phase is unadopted and will require further works such as installation of the wearing course.

The district heating system presents a significant risk to the project and the manco continues to work with ERM to develop options to manage this risk addressing both the affordability and the long term sustainability issues associated with such a scheme.

<b>The risk that the Island's economy falls further behind its mainland comparators and is unable to generate sufficient wealth to sustain the Island and its community</b>		<b>Assigned to:</b> <b>Head of economic development</b>
Inherent score: 12 <b>RED</b>	Current score: 10 ↓ <b>RED</b>	Target score: 9 <b>AMBER</b>

This risk remains as for the previous quarter. Work on the next stage of the Newport Harbour Regeneration has commenced with shortlisting of 26 bids received from contractors to deliver a masterplan. This level of interest indicates the profile and interest in the island being provided by the profile of the councils regeneration programme. As other sites such as Nicholson Road and the One Public Estate projects at Pyle Street and Sandown Bay are bought forward it is hoped confidence will grow further and impact positively on the current risk score. In addition Sovereign Housing Group confirmed their purchase of the former Island Learning Centre, Lake to deliver around 40 units of affordable housing. This demonstrates confidence in the development market and the ability to deliver by bodies based off Island.

Following the completion of land at the Island Technology Park in East Cowes in last quarter the council has now competed on the acquisition of Kingston Marine Park and is clear evidence of the council confidence to invest in development opportunities which it is hoped will encourage private sectors investors to commit to the regeneration and economic development of the Island.

<b>SR0049 Achieving the vision for the Island</b>		<b>Assigned to:</b>  <b>Chief executive</b>
Inherent score: 14 <b>RED</b>	Current score: 12 ↔ <b>RED</b>	Target score: 6 <b>GREEN</b>
<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 recently agreed additions to senior management structure will add the additional capacity, "to land the opportunities within One Public Service, regeneration, and to build a sustainable business model for the council", as highlighted by the corporate peer challenge. The new posts will be filled on an interim basis, to enable the council to address these challenges at pace, before any permanent appointments are made. This will allow a sustained and determined focus on key activities such as the One Public Service agenda, digitalisation, commercialism, and housing which will be of benefit to the Island and the council.</p> <p>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".</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 4 report (the first based on the new Corporate Plan) was presented on 14 June 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

9. Option 1 - Audit Committee approves the strategic risks of the council as set out at paragraph 3.
10. Option 2 - Audit Committee does not approve the strategic risks of the council as set out in paragraph 3.

## RISK MANAGEMENT

11. 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

12. 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  
☎ 01983 821000 e-mail [david.martin@iow.gov.uk](mailto:david.martin@iow.gov.uk)

CLAIRE SHAND  
*Head of Resources*

COUNCILLOR STUART HUTCHINSON  
*Deputy Leader and  
Cabinet member for Resources*