



# Committee report

Committee	<b>AUDIT COMMITTEE</b>
Date	<b>3 DECEMBER 2018</b>
Title	<b>THE COUNCIL'S RISK PROFILE</b>
Report of	<b>ASSISTANT CHIEF EXECUTIVE &amp; CHIEF STRATEGY OFFICER</b>

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## 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 second 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. Since the previous report the Corporate Management Team (CMT) in conjunction with the Organisational Intelligence Team have reviewed the risk register and made alterations to the risks and also in how they will be reported. Details of these changes are below

## RISK CHANGES

4. The risk regarding financial risk has been separated into two risks, one regarding in-year budgets and one regarding the medium term financial strategy. Mitigation for both is quite different and will be tracked separately.
5. An additional risk has been added to deal with the uncertainty during the Brexit negotiations and how the ability of the council to deliver services following the UK's departure from the European Union could be impacted.
6. An additional risk has been added regarding the speed of organisational change and the impact of the culture of the organisation not changing swiftly enough for the delivery of the required transformation.

7. The risk regarding the provision of acceptable quality of practice has been altered slightly to the recruiting of staff to provide an acceptable quality of practice.
8. The risk regarding economic development has been removed as CMT felt that the impacts and mitigation fall within both the Brexit risk and the risk around achieving the vision for the island.
9. Finally an additional risk has been added regarding dealing with any additional demands placed on the council by pandemic flu.
10. A table showing the revised list of strategic risks and their current and previous risk ratings is included as appendix 1 to this report.

### REPORTING CHANGES

11. Previously the owner of each strategic risk has been asked to provide commentary on the way that the risk is being dealt with. These commentaries, whilst comprehensive, often change little over time.
12. To provide more up to date and concise information each risk owner in conjunction with Organisational Intelligence has drawn up a list of key mitigations which are in place to deal with that risk. Each of these mitigations has an assigned officer and updates will be obtained from them rather than the risk owner. The advantage of this is that information is obtained from sources close to the actions actually taking place rather than including an overview which has been the case previously.
13. It is intended that by concentrating on the mitigation for each risk rather than an overview of the risk it will be possible to detail the reasons why the risk score does or doesn't change over time.
14. Each strategic risk and its mitigation are detailed below:

<b>Lack of financial resource and the ability to deliver the council's in-year budget strategy</b>		<b>Assigned to:</b>  <b>Director of finance and section 151 officer</b>
Inherent score: 16 <b>RED</b>	Current score: 10 ↓ <b>AMBER</b>	Target score: 10 <b>AMBER</b>
<b>Mitigation</b>		
Close monitoring of revenue spend	Total revenue spend for the financial year is forecasted on a monthly basis and reported to cabinet quarterly. At the end of September 2018, a £1.55 million underspend is being forecast.	
Close monitoring of income realisation against target	Income realisation is monitored monthly and reported to cabinet quarterly. At the end of September 2018, it is forecast that we will overachieve by £279,000.	

Close monitoring of achievement of savings plans	Achievement of savings are monitored monthly and reported to cabinet quarterly. At the end of September 2018, it is forecast that we will underachieve by £613,000, however, alternative savings have been identified which is forecast to result in a total forecast underspend of £1.55m as reported above.
Close monitoring of capital spend	The capital programme is forecast to spend around £57million by the end of 2018-19, however much of this depends on the delivery of the waste processing facility which is forecast to slip further into 2019-20.

<b>Lack of financial resource and the ability to deliver the council's 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: 10 ↓ <b>AMBER</b>	Target score: 10 <b>AMBER</b>
<b>Mitigation</b>		
Updated medium term financial strategy (MTFP)	The MTFP is reviewed regularly by Financial Management as part of the budget setting process with major revisions being presented to Cabinet.	
2019-20 budget setting process	The budget setting process for 2019-20 is well underway and £5.5 million of savings are necessary. Draft savings were presented to Cabinet 8 November 2018.	
2020-21 budget setting process	Will commence in the 2019-20 financial year.	

<b>Insufficient staffing capacity and skills</b>		<b>Assigned to:</b>  <b>Director of Corporate Services</b>
Inherent score: 16 <b>RED</b>	Current score: 8 ↓ <b>AMBER</b>	Target score: 8 <b>AMBER</b>
<b>Mitigation</b>		
Delivery of recruitment and retention strategy and action plan	<ul style="list-style-type: none"> <li>•Business process changes being developed.</li> <li>•Recruitment fairs attended.</li> <li>•Promotional material updated.</li> </ul>	
Regular monitoring, analysis and review of organisational health indicators	<ul style="list-style-type: none"> <li>• Organisational health indicator measures reviewed by Cabinet every six months.</li> </ul>	

	<ul style="list-style-type: none"> <li>• Attendance wellbeing strategy improved to sustain improvements.</li> </ul>
Workforce planning	<ul style="list-style-type: none"> <li>• Mental health pledge signed.</li> <li>• Mental health first aiders networking group in place.</li> </ul>

<b>A change in organisational culture fails to keep a pace with the speed of organisational change, negatively impacting on the delivery of the required transformation to deliver the corporate plan</b>		<b>Assigned to:</b> <b>Director of Corporate Services</b>
Inherent score: 16 <b>RED</b>	Current score: 9 <b>↔</b> <b>AMBER</b>	Target score: 6 <b>GREEN</b>
<b>Mitigation</b>		
<b>Leadership and management development</b>	<ul style="list-style-type: none"> <li>• Programme in place for career pathway for leadership and management development.</li> <li>• Three cohorts of leaders have been through the Growing Leadership programme.</li> <li>• 50 per cent of all managers have attended at least one managers' conference</li> </ul>	
<b>Workforce development programmes/initiatives</b>	<ul style="list-style-type: none"> <li>• Core learning programme further enhanced as a result of centralised Learning and Development budgets.</li> <li>• Commercialisation and digitalisation in development.</li> </ul>	
<b>Delivery of the council's BIG Action Plan</b>	<ul style="list-style-type: none"> <li>• Well into year one of delivery.</li> <li>• Undertaken staff survey.</li> <li>• Full ICT refresh in process.</li> </ul>	

<b>Failure to Improve educational attainment</b>		<b>Assigned to:</b> <b>Director of Children's Services</b>
Inherent score: 16 <b>RED</b>	Current score: 9 <b>↔</b> <b>AMBER</b>	Target score: 6 <b>GREEN</b>
<b>Mitigation</b>		
<b>Delivering Educational Excellence – ensuring that all schools are good or better</b>	<ul style="list-style-type: none"> <li>• Annual reviews of every school.</li> <li>• Annual discussions with academies.</li> <li>• Supporting governing bodies.</li> <li>• Training opportunities that raise awareness and improve safeguarding practices.</li> <li>• Identifying a 'targeted offer' and 'establishing 'good practice reviews'.</li> <li>• Developing a high quality and cohesive</li> </ul>	

	<p>professional offer.</p> <ul style="list-style-type: none"> <li>• Investing in recruitment and retention strategies.</li> </ul> <p>Developing an 'affordable schools' strategy.</p>
<b>Delivering Educational Excellence – building on the improvements in standards</b>	<ul style="list-style-type: none"> <li>• Use the Leadership and Learning Partner (LLP) to support and challenge the improvement of standards in Island community schools.</li> <li>• Provide guidance and support on the new Key Stage 1 and Key Stage 2 standards and statutory assessment arrangements.</li> <li>• Improve teaching of mathematics throughout the key stages.</li> <li>• Work with schools to develop a transition programme across Years 5, 6, 7 and 8.</li> </ul>
<b>Delivering Educational Excellence – ensuring schools are good for all children</b>	<ul style="list-style-type: none"> <li>• Use the LLP annual visit to evaluate the performance of 'disadvantaged' groups of children and the provision for them.</li> <li>• Further develop schools' leadership of teaching and learning: getting it right for all pupils including the more vulnerable.</li> <li>• Provide joint training with her majesty's inspectorate and other leading experts on inclusion matters for secondary schools.</li> <li>• Provide ongoing support and challenge in relation to exclusions and attendance.</li> <li>• Work with local stakeholders to develop a better transition between schools and employment.</li> <li>• Develop support to parents of home educated children.</li> </ul>
<b>Delivering Educational Excellence – leading a cohesive system for children based on effective partnership working</b>	<ul style="list-style-type: none"> <li>• Work in partnership with the two diocese who provide many of the Island schools.</li> <li>• Liaise with education partners including teaching schools, trusts and others to focus their potential for impact.</li> <li>• Work with south coast universities to promote excellence, aspiration and opportunities for routes into higher level education.</li> <li>• Support and challenge for all schools that become academies.</li> <li>• Improving community perceptions of education on the Island.</li> <li>• Enhance careers advice and guidance and engagement with industry and commerce.</li> </ul>

<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>
<b>Mitigation</b>		
<b>Corporate Parenting Board</b>	Including representation from councillors and from looked after children (LAC) from the Hearing Young People' Experiences (HYPE) group jointly scrutinising performance in relation to LAC.	
<b>Multi-agency integrated commissioning board</b>	To identify opportunities to commission services more efficiently to identify savings and provide more investment in preventative work.	
<b>Quarterly performance reports to Scrutiny Committee</b>	Performance reports were viewed by the Scrutiny Committee on 6 September 2018 and 29 November 2018.	
<b>Regular scrutiny of social work caseloads</b>	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.	
<b>Quality assurance framework (monthly case audits concentrating on quality of practice)</b>	Audits began in April 2018 and are continuing and include practice observations, auditing of supervision files and quarterly 'windows into practice' weeks.	
<b>Annual self-evaluation and annual conversation between Director and Ofsted</b>	This took place in March 2018 and an inspection by Ofsted under the new Inspecting Local Authority Children's Services (ILACS) framework is currently taking place (November 2018).	

<b>Failure to recruit acceptable quality of professional practice across Adult Social Care (ASC)</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>
<b>Mitigation</b>		
<b>ASC Programme Board</b>	All ASC Projects are reviewed monthly by the ASC Programme Board with any exceptions being escalated to ASC Service Board.	

<b>Adult Social Care restructure to support person centred care</b>	A review is under way of the current structure, services and processes within ASC to be completed early in 2019
<b>ASC recruitment and retention</b>	Human Resources have completed the recruitment campaign for the key priority roles in ASC and are currently reviewing the wider ASC recruitment plan. Additional resource is now in place for ASC in terms of the recruitment co-ordinator.
<b>ASC Learning and Development Plan</b>	The ASC Learning and Development Programme is in place. Commissioned tailored support from RiPfA, based on evidence informed practice, critical thinking and analysis and assessment are mapped to the programme training events. Learning and Development are currently promoting podcasts, webinars and national events.
<b>Mobile working pilot</b>	The ICT mobile working pilot will not meet the kit rollout milestones for ASC due to the prioritisation of ICT resource for the County Hall moves. This has been raised as an issue within the ASC Transformation Programme November Highlight Report.
<b>New person-centred, strengths-based assessment forms</b>	The strengths-based approach forms are nearly finalised but will have to go back to the director of adult social services for final sign-off. Until this has happened the 'go-live' date cannot be confirmed. Training guides for staff are currently being devised, which will feed into the new PARIS training.

<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>
<b>Mitigation</b>		
<b>ASC Programme Board</b>	All ASC Projects are reviewed monthly by the ASC Programme Board with any exceptions being escalated to ASC Service Board.	
<b>DoLS backlog clearance programme</b>	In November 2017 ASC identified some 750 outstanding DoLS referrals awaiting assessment, of which 120 were classified as high priority. Funding was identified to commission an external agency to complete these outstanding assessments. All outstanding high,	

	medium and low priority assessments were completed by the end of September 2018.
<b>Mental Health Action Plan</b>	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. Progress has been delayed with the implementation of this plan while critical staff appointments were made.
<b>Safeguarding Action Plan</b>	The Safeguarding Action Plan was developed in response to the ASC report commissioned to review the practices and processes of the Isle of Wight Council Safeguarding Team. The Safeguarding Adults Board (SAB) is the statutory, multi- agency partnership committee which monitors the progress of the action plan. Good progress has been made in multi- agency working with regular Multi Agency Safeguarding Triage (MAST) and Multi Agency Risk Management (MARM) meetings in collaboration with police, health and Clinical Commissioning Group colleagues.
<b>LD Homes Service improvement plans</b>	There are policies and procedures in all of the learning disability (LD) homes for whistleblowing, safeguarding and ongoing training and awareness for staff and there have also been unannounced meetings by senior management. Additional safeguarding training sessions are currently being arranged. Registered managers continue to actively address and review the actions detailed in their service improvement plans.
<b>Centralisation of outreach teams</b>	There are policies and procedures in place for things such as safeguarding, meetings and supervision with staff, training, complaints procedures etc. The introduction of CM2000, the new electronic rostering system will help to improve efficiencies in outreach. Locations for the centralisation of outreach are currently being scoped and explored as it is difficult to be responsive and effective with the two teams so geographically separate.



<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>
<b>Mitigation</b>		
<b>ASC Programme Board</b>	All ASC Projects are reviewed monthly by the ASC Programme Board with any exceptions being escalated to ASC Service Board.	
<b>Transformation programme and operational integration</b>	<p>Work on the following programmes/operations will be based on the pathway and financial model produced by consultants Carnall Farrar:</p> <ul style="list-style-type: none"> <li>- LD integration.</li> <li>- Mental health integration.</li> <li>- Rehab/reablement and recovery.</li> <li>- Integrated Locality Services – Community Services.</li> <li>- Continuing health care.</li> <li>- Integrated quality function.</li> <li>- Hospital flow/discharge.</li> </ul>	
<b>Responsiveness to hospital escalations</b>	<p>Senior ASC staff are on call seven days a week in order to direct resources to those people deemed medically fit for discharge and the responsibility of ASC. In addition, the single point of commissioning (SPOC) team is identifying all providers willing and able to respond to requests at weekends to assess people deemed as requiring either residential care or domiciliary support. Delayed transfers of care (DTC) meeting chaired by DASS occurs every Friday, which provides the single and agreed DTC count (ASC has new, tougher target of only 2.6 per 100,000) which has been met throughout the last four weeks.</p>	

<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>Director of neighbourhoods</b>
Inherent score: 16 <b>RED</b>	Current score: 9 ↔ <b>AMBER</b>	Target score: 5 <b>GREEN</b>
<b>Mitigation</b>		
<b>Waste Management Contract monitoring arrangements</b>	<p>There has been considerable progress on Forest Park. The mechanical treatment facility is complete aside from snagging items. It has undergone cold commissioning and will commence its hot commissioning stage shortly. The various contract monitoring meetings continue on a weekly/monthly basis as work progresses on the Forest Park capital project. There have been more frequent meetings with Amey sub contractors and independent certifier.</p> <p>The waste collection service is performing well with a good take up of the green waste service.</p>	
<b>PFI – Establish available savings</b>	<p>A savings programme has been established and reports to a dedicated Savings Board. The programme aims to deliver savings in two phases – phase one will target Operations and Maintenance works commencing April 2019 and Capital savings from April 2020. The Savings programme will result in significant re-write of the contract.</p>	
<b>PFI – Agreed quality assessment criteria</b>	<p>Savings will result from changes to the contract specification and to the standard of service being delivered. The level of reduction in service standards will be a balance between the need to achieve the required savings and maintaining an acceptable standard of service delivery. These changes also need to be accepted by the lenders who provide the required up-front capital investment.</p>	
<b>PFI – Delivery of savings</b>	<p>There are a number of existing contractual disputes and performance issues that need to be resolved in parallel to the savings programme. Achieving savings will be conditional upon resolving the disputes and performance issues. The changes also need to be accepted by the lenders.</p>	

<b>Brexit - Uncertainty during transition period, followed by potential legislative, funding and policy changes after the UK leaves the EU may adversely affect the council and its ability to provide services.</b>		<b>Assigned to:</b> <b>Chief executive</b>
Inherent score:16 <b>RED</b>	Current score: 14 (new risk) <b>RED</b>	Target score: 6 <b>GREEN</b>
<b>Mitigation</b>		
<b>Oversight of any potential legislation changes in respect of right to live and work and freedom of movement that may affect our workforce</b>	A key link officer has been appointed to monitor the potential impact on the Isle of Wight workforce.	
<b>Membership of professional and local government bodies aids horizon scanning</b>	Staff are encouraged to use their formal and informal external networking groups to share information on the potential impact of Brexit.	
<b>Management of change approach to mitigate against significant impact to the organisation and its staff (programme governance framework)</b>	Approach been agreed by CMT and overall programme highlight reports will be presented to a Strategic Programme Board from December and a member review board from January.	
<b>Detailed project plans to manage implementation of changes</b>	All projects will be managed in accordance with the project and programme management framework. The Organisational Intelligence Team will provide assurance to CMT that this is happening via highlight reports to CMT.	
<b>Understanding and acting on intelligence from the LGA, CIPFA and other local government sources</b>	These channels will continue to be monitored in the period running up to and after Brexit.	
<b>Oversight of general changes in legislation or governance arrangements that may affect the council</b>	Anticipated changes in legislation and governance will be monitored through membership of Lawyers in Local Government, and other legal publications subscribed to.	

<b>Achieving the vision for the Island</b>		<b>Assigned to:</b> <b>Chief executive</b>
Inherent score: 14 <b>RED</b>	Current score: 10 ↓ <b>AMBER</b>	Target score: 6 <b>GREEN</b>
<b>Mitigation</b>		
<b>QPMR updates</b>	Performance and finance are reported on a quarterly basis to Cabinet. The performance measures included in the	

	report are based on the 2017-20 Corporate Plan.
<b>Senior management restructure</b>	The recruitment process is complete, and all posts are filled on at least an interim basis. The three interim posts will be substantively filled in the New Year.
<b>Programme governance framework</b>	Has been agreed by CMT and overall programme highlight reports will be presented to a Strategic Programme Board from December and a member review board from January.
<b>Regeneration programme</b>	Key physical regeneration projects within the programme. Short and medium term housing programme close to being confirmed. The three area regeneration projects' business case development is underway. 2019/20 budget pressures have led to re-prioritisation of activity. Regeneration Strategy will be presented to Cabinet in Feb 2019.
<b>Strategic risk register</b>	The register has been reviewed by CMT and will be presented in its new format in December 2018.

<b>Additional demands placed upon the Isle of Wight Council and partners owing to pandemic flu</b>		<b>Assigned to:</b> <b>Director of Public Health</b>
Inherent score: 16 <b>RED</b>	Current score: 9 (new risk) <b>AMBER</b>	Target score: 5 <b>GREEN</b>
<b>Mitigation</b>		
<b>Internal arrangements</b>	Isle of Wight Council pandemic flu plan in place as part of wider emergency management plans.	
<b>External arrangements</b>	Public Health Team to continually assess if all health and social care sector agencies have up to date pandemic flu plans in place and test them appropriately.	
<b>Provision of up to date information</b>	Pandemic flu guidance is displayed on the Isle of Wight Council website and covers such things as checklists for businesses and guidance for specific operational settings such as police and fire and rescue services.	

## STRATEGIC CONTEXT

15. 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 one report was presented on 13 September 2018.

## CONSULTATION

16. 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

17. 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

18. 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

19. 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

20. Option 1 - Audit Committee approves the strategic risks of the council as set out at paragraph 14.  
Option 2 - Audit Committee does not approve the strategic risks of the council as set out in paragraph 14.

## RISK MANAGEMENT

21. 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 14.

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

WENDY PERERA  
*Assistant Chief Executive and  
Chief Strategy Officer*

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