



Committee report

Committee	AUDIT COMMITTEE
Date	18 FEBRUARY 2019
Title	THE COUNCIL'S RISK PROFILE
Report of	ASSISTANT CHIEF EXECUTIVE & CHIEF STRATEGY OFFICER

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 2018-19 reporting period. Most risks were included within the Isle of Wight Council's revised Corporate Plan that was approved by Full Council in October 2017 with others being amended or added subsequently in consultation with the Corporate Management Team
3. Strategic risks are also referred to within the Quarterly Performance Management Reports (QPMR) that are presented to Cabinet. The Quarter 2 QPMR was reviewed by Cabinet on 10 January 2019 and the Quarter 3 report will be on 14 March 2019.

RISK CHANGES

4. The main alterations to strategic risks since the previous Audit Committee on 3 December are outlined below:
 - Failure to identify and effectively manage situations where vulnerable children are subject to abuse (from 9 AMBER to 8 AMBER).
 - Failure to provide acceptable quality of professional practice across Adult Social Care (from 12 RED to 10 AMBER).
 - Lack of financial resource and the ability to deliver the council's in-year budget strategy (from 10 AMBER to 8 AMBER)

5. A table showing the list of strategic risks and their current and previous risk rating is included as Appendix 1 to this report.

Reporting methods

6. 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, while comprehensive, often changed little over time.
7. 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 relates directly to mitigating activity. This method was introduced for the previous report in December and has been retained for this report.
8. 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.

Strategic risks

9. Each strategic risk and its mitigation are detailed below:

Lack of financial resource and the ability to deliver the council's in-year budget strategy		Assigned to: Director of finance and section 151 officer	
Inherent score: 16 RED	Current score: 8 ↓ AMBER	Target score: 10 AMBER	
Mitigation			
Close monitoring of revenue spend	Budget positions are reported quarterly to Cabinet. At the end of Quarter 2 an underspend of £1.55m was forecast.		
Close monitoring of income realisation against target	Income realisation is monitored monthly and reported to cabinet quarterly. At the end of Quarter 2, 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	Budget positions are reported quarterly to Cabinet. At the end of Quarter 2, 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.		

Lack of financial resource and the ability to deliver the council's medium term financial strategy		Assigned to: Director of finance and section 151 officer	
Inherent score: 16 RED	Current score: 10 ↔ AMBER	Target score: 10 AMBER	
Mitigation			
Updated medium term financial strategy (MTFS)	The MTFS 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. Draft savings were considered by Cabinet on 8 November 2018. Public views have been sought through an online survey (11 December 2018 to 23 January 2019) and a public budget consultation on 30 January 2019.		
2020/21 budget setting process	Will commence in the 2019/20 financial year.		

Insufficient staffing capacity and skills		Assigned to: Director of Corporate Services	
Inherent score: 16 RED	Current score: 8↔ AMBER	Target score: 8 AMBER	
Mitigation			
Delivery of recruitment and retention strategy and action plan	The scoping of a recruitment and retention strategy and plan is currently underway with a key focus being given to securing: <ul style="list-style-type: none">• An improvement in the council being recognised as a good employer.• A reduction in the number of interims and agency staff required in critical occupational roles.• More timely recruitment through increased efficiency in recruitment processes.• Right people, in the right place, at the right time.		
Regular monitoring, analysis and review of organisational health indicators	<ul style="list-style-type: none">• Organisational Health indicators are reviewed by Cabinet every six months and will next be presented in March 2019.• Attendance Wellbeing Policy is in place and performance against all key absence measures is improving.		
Workforce planning	<ul style="list-style-type: none">• Mental health first aiders networking group is in place who monitor and share information about key mental health issues.• PDR process for 2019/20 will commence soon with appropriate improvements to increase the engagement with and the usefulness of the process.		

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		Assigned to: Director of Corporate Services	
Inherent score: 16 RED	Current score: 9 AMBER	↔	Target score: 6 GREEN
Mitigation			
Leadership and management development	<ul style="list-style-type: none"> Leadership and management learning and development programmes are being refreshed for 2019/20 based on successes from 2018/19. Key focuses will be on commercialisation, digitalisation and agile working. 		
Workforce development programmes/initiatives	<ul style="list-style-type: none"> Workforce learning and development core programmes are being refreshed for 2019/20 based on successes from 2018/19. Key focuses will be on commercialisation, digitalisation and agile working 		
Delivery of the council's BIG Action Plan	<ul style="list-style-type: none"> Second staff survey has been completed with over 100 more people responding than the previous year. The general trend of the responses was positive. BIG Action Plan is being updated based on emerging priorities. Annual staff awards celebrating successes throughout 2018 will take place in February 2019. 		

Failure to improve educational attainment		Assigned to: Director of Children's Services	
Inherent score: 16 RED	Current score: 9 AMBER	↔	Target score: 6 GREEN
Mitigation			
Delivering Educational Excellence – ensuring that all schools are good or better	<ul style="list-style-type: none"> Annual reviews of every school. Annual discussions with academies. Supporting governing bodies. Training opportunities that raise awareness and improve safeguarding practices. Identifying a 'targeted offer' and 'establishing 'good practice reviews'. Developing a high quality and cohesive professional offer. Investing in recruitment and retention strategies. Developing an 'affordable schools' strategy. 		
Delivering Educational Excellence – building on the improvements in standards	<ul style="list-style-type: none"> Use the Leadership and Learning Partner (LLP) to support and challenge the improvement of standards in Island community schools. Provide guidance and support on the new Key Stage 1 and Key Stage 2 standards and statutory assessment arrangements. Improve teaching of mathematics throughout the key stages. Work with schools to develop a transition programme across Years 5, 6, 7 and 8. 		

Delivering Educational Excellence – ensuring schools are good for all children	<ul style="list-style-type: none"> • Use the LLP annual visit to evaluate the performance of ‘disadvantaged’ groups of children and the provision for them. • Further develop schools’ leadership of teaching and learning: getting it right for all pupils including the more vulnerable. • Provide joint training with Her Majesty’s Inspectorate and other leading experts on inclusion matters for secondary schools. • Provide ongoing support and challenge in relation to exclusions and attendance. • Work with local stakeholders to develop a better transition between schools and employment. • Develop support to parents of home educated children.
Delivering Educational Excellence – leading a cohesive system for children based on effective partnership working	<ul style="list-style-type: none"> • Work in partnership with the two diocese who provide many of the Island’s schools. • Liaise with education partners including teaching schools, trusts and others to focus their potential for impact. • Work with south coast universities to promote excellence, aspiration and opportunities for routes into higher level education. • Support and challenge for all schools that become academies. • Improving community perceptions of education on the Island. • Enhance careers advice and guidance and engagement with industry and commerce.

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: 8 AMBER	↓	Target score: 5 GREEN
Mitigation			
Corporate Parenting Board	The Ofsted inspection report published on 7 January 2019 highlights that: “Corporate parenting is much stronger across the council since the last inspection. The Corporate Parenting Board receives regular, comprehensive performance data and reports, enabling effective scrutiny and challenge. The Corporate Parenting Board maintains a strong focus on achieving positive outcomes for children in care and care leavers. A high number of young people are supported to attend university and the council actively promotes apprenticeships, particularly for those with care experience. ‘Hearing young people’s experience’ (HYPE), Isle of Wight’s children in care council, is an active and influential part of the Corporate Parenting Board.”		
Multi-agency integrated commissioning board	Multi-agency integrated commissioning board underway. Joint tender due to be published with Housing to create pathways to independent adulthood for vulnerable young people through supported accommodation.		
Quarterly performance reports to Scrutiny Committee	Performance reports were viewed by the Scrutiny Committee on 6 September 2018 and 29 November 2018. Next performance report will be viewed by the Scrutiny Committee in March 2019.		
Regular scrutiny of social work caseloads	The Ofsted inspection report published on 7 January 2019 highlights that: “The vast majority of practitioners say that their		

	<p><i>caseloads are manageable. Inspectors found that a small number of caseloads were too high. The local authority has secured further financial investment to reduce caseloads further."</i></p> <p>Caseloads are scrutinised by senior management on a weekly basis and the transformation programme which starts in February 2019 will secure further improvements in caseloads.</p>								
Quality assurance framework (monthly case audits concentrating on quality of practice)	<p>Audits began in April 2018 and are continuing. They include practice observations, auditing of supervision files and quarterly 'windows into practice' weeks.</p> <p>Monthly meetings now take place to review audits and actions and quality of practice.</p>								
Annual self-evaluation and annual conversation between Director and Ofsted	<p>An Ofsted inspection of children's social care services took place in November 2018, with the report published in January 2019. https://files.api.ofsted.gov.uk/v1/file/50048228</p> <p>Judgement highlighted below:</p> <table> <tr> <td>The impact of leaders on social work practice with children and families</td><td>Good</td></tr> <tr> <td>The experiences and progress of children who need help and protection</td><td>Good</td></tr> <tr> <td>The experiences and progress of children in care and care leavers</td><td>Good</td></tr> <tr> <td>Overall effectiveness</td><td>Good</td></tr> </table> <p>Annual self-evaluation for 2018 currently being undertaken. Annual conversation will take place in April 2019.</p>	The impact of leaders on social work practice with children and families	Good	The experiences and progress of children who need help and protection	Good	The experiences and progress of children in care and care leavers	Good	Overall effectiveness	Good
The impact of leaders on social work practice with children and families	Good								
The experiences and progress of children who need help and protection	Good								
The experiences and progress of children in care and care leavers	Good								
Overall effectiveness	Good								

Failure to recruit acceptable quality of professional practice across Adult Social Care (ASC)		Assigned to: Director of Adult Social Care	
Inherent score: 14 RED	Current score: 10↓ AMBER	Target score: 6 GREEN	
Mitigation			
ASC Programme Board	All ASC projects are reviewed monthly by the ASC Programme Board with any exceptions being escalated to ASC Service Board.		
ASC restructure to support person centred care	A review is under way of the current structure, services and processes within ASC to be completed early in 2019.		
ASC recruitment and retention	Current vacancies within ASC now form part of the ASC Service Board Performance Report. A recruitment timetable has been developed by the recruitment co-ordinator to keep track of vacancies, recruitment stages etc.		
ASC Learning and Development (L&D) Plan	Human Resources and L&D are working together to explore workforce development and career pathways. Current pathways already include the apprenticeship degree in social work. Consideration is also being given to building up a strategic partnership with a local university.		
Mobile working pilot	Thirty-two hardware deployments have now been provided to the ICT mobile working project test pilot roll out teams during		

	December. Laptops were successfully deployed to all of the ASC staff that were available on the deployment dates. Equipment will continue to be tested in the community, a roll out plan for both training and equipment will be provided by ICT.
New person-centred, strengths-based assessment forms	The strengths-based approach forms will go live shortly Staff will be trained in the use of the new forms later in January 2019.

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
Mitigation			
ASC Programme Board	All ASC projects are reviewed monthly by the ASC Programme Board with any exceptions being escalated to ASC Service Board.		
'Deprivation of Liberty Safeguards' (DoLS) backlog clearance programme	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.		
Mental Health Action Plan	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.		
Safeguarding Action Plan	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.		
Learning Disability (LD) Homes Service improvement plans	There are policies and procedures in all of the learning disability 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.		
Centralisation of outreach teams	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.		

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: 12 ↔ AMBER	Target score: 6 GREEN	
Mitigation			
ASC Programme Board	All ASC projects are reviewed monthly by the ASC Programme Board with any exceptions being escalated to ASC Service Board.		
Transformation programme and operational integration	Work on the following programmes/operations will be based on the pathway and financial model produced by consultants Carnall Farrar: <ul style="list-style-type: none">• LD integration.• Mental health integration.• Rehab/reablement and recovery.• Integrated Locality Services – Community Services.• Continuing health care.• Integrated quality function.• Hospital flow/discharge.		
Responsiveness to hospital escalations	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 the Director of Adult Social Services 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.		

The council fails to achieve the required outcomes from its significant contractual relationships and fails to successfully resolve some anomalies in the contracts' interpretation (in relation to the 25-year highways PFI contract)		Assigned to: Director of Neighbourhoods	
Inherent score: 16 RED	Current score: 9 ↔ AMBER	Target score: 5 GREEN	
Mitigation			
Waste management contract monitoring arrangements	There has been considerable progress on Forest Park. The mechanical treatment has entered the hot commissioning phase and subject to testing should achieve acceptance tests in early spring allowing it to enter full operation. The council has been notified of a delay to works on the Energy from Waste Plant of up to 12 weeks, the contractor is developing a mitigation plan. 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.
PFI – Establish available savings	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.
PFI – Agreed quality assessment criteria	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.
PFI – Delivery of savings	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.

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.		Assigned to: Chief Executive	
Inherent score:16 RED	Current score: 14 RED	Target score: 6 GREEN	
Mitigation			
Working group of senior officers in place to define IWC strategy for Brexit	Working group has been established		
Oversight of any potential legislation changes in respect of right to live and work and freedom of movement that may affect our workforce	A key link officer has been appointed to monitor the potential impact on the Isle of Wight workforce.		
Membership of professional and local government bodies aids horizon scanning	Staff are encouraged to use their formal and informal external networking groups to share information on the potential impact of Brexit.		
Management of change approach to mitigate against significant impact to the organisation and its staff (programme governance framework)	Approach has been agreed by CMT and overall programme highlight reports are being presented to a strategic programme board and a member review board.		
Detailed project plans to manage implementation of changes	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.		
Understanding and acting on intelligence from the Local Government Association (LGA),	These channels will continue to be monitored in the period running up to and after Brexit.		

CIPFA and other local government sources	
Oversight of general changes in legislation or governance arrangements that may affect the council	Anticipated changes in legislation and governance will be monitored through membership of Lawyers in Local Government, and other legal publications subscribed to.

Achieving the vision for the Island		Assigned to: Chief executive	
Inherent score: 14 RED	Current score: 10 ↔ AMBER	Target score: 6 GREEN	
Mitigation			
Quarterly Performance Management Report (QPMR) updates	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.		
Senior management restructure	The recruitment process is complete, and all posts have been filled		
Programme governance framework	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.h		
Regeneration programme	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.		
Strategic risk register	The register has been reviewed by CMT and was first presented in its new format in December 2018.		

Additional demands placed upon the Isle of Wight Council and partners owing to pandemic flu		Assigned to: Director of Public Health	
Inherent score: 16 RED	Current score: 9↔ AMBER	Target score: 5 GREEN	
Mitigation			
Internal arrangements	Isle of Wight Council pandemic flu plan in place as part of wider emergency management plans.		
External arrangements	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.		
Provision of up to date information	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

10. 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 Management Report (QPMR). A Quarter 2 report was presented on 10 January 2019.

CONSULTATION

11. 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 QPMR.

FINANCIAL / BUDGET IMPLICATIONS

12. 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

13. 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

14. 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

15. Option 1 - Audit Committee approves the strategic risks of the council as set out in paragraph 9.

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

RISK MANAGEMENT

16. 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 in paragraph 9.

APPENDICES ATTACHED

17. [Appendix 1 – Strategic Risk Register Summary](#)

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