



Committee report

Committee	AUDIT COMMITTEE
Date	27 JULY 2020
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 first update of the Strategic Risk Register within the 2020/21 reporting period. The risks were included within the Isle of Wight Council's revised Corporate Plan that was approved by Full Council in July 2019 or have been added by the Corporate Management Team (CMT).
3. Strategic risks are also referred to within the Quarterly Performance Management Reports (QPMR) that are presented to Cabinet. The Quarter 3 QPMR was reviewed by Cabinet on 12 March 2020. The presentation of the Q4 report was cancelled owing to the Covid-19 pandemic and instead will be combined with the Q1 (2020/21) report in September 2020.
4. An updated Strategic Risk Register was included in a report to [Corporate Scrutiny Committee on 9 June 2020](#) regarding the Isle of Wight Council response to COVID-19.

REPORTING METHODS

5. Updates are requested from all mitigation owners at the beginning of each month. These updates are then added to the risk register and included in this report.
6. All risk scoring is decided by Corporate Management Team which reviews the Strategic Risk Register each month.
7. Risk owners have been requested to provide timescales for the mitigating actions associated with each risk where it is possible and appropriate to do so.

8. In order to see which information has been updated since the previous report in March, any additional comments are shown in *italics*. Where mitigation has not been updated the date of the last update is shown.

RISK CHANGES

9. Amendments that Corporate Management Team (CMT) have made between the last report to Audit Committee (16 March 2020) and this current report are summarised in the table below (Paragraph 11). The register was circulated to CMT in July 2020 and all Risk Owners provided additional content:

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 3 report was presented on 12 March 2020. The presentation of the Q4 report was cancelled owing to the Covid-19 pandemic and instead will be combined with the Q1 (2020/21) report in September 2020.

11. Strategic Risk Register Summary – June 2020 (Full Strategic Risk Register can be seen in Appendix 1)

Risk no.	Risk Title	Score (June 2020)	Score (March 2020)	Comment
1	Lack of financial resource and the ability to deliver the council's in-year budget strategy for 2019/20	3 GREEN	3 GREEN	Risk pertains to 19/20 financial year position which has not been significantly impacted by the Covid-19 pandemic. At the next refresh the risk will concentrate on 2020/21 financial year at which point it is inevitable that the score will increase
2	Lack of financial resource and the ability to deliver the council's medium-term financial strategy	16 RED	13 RED	There is a significant impact on the 2020/21 budget of the Covid-19 pandemic. The government allocation of additional funding will be incorporated into the budget but current indications are that there is a significant risk this will not be sufficient to fully cover the total of additional spending and lost income. Regular monitoring reports will be sent to the Ministry for Communities, Housing and Local Government (MCHLG) and both CMT and Cabinet will be kept informed of the overall impact of additional expenditure due to Covid-19
3	Insufficient staffing capacity and skills	9 AMBER	6 GREEN	Due to the current pandemic situation, our focus on staffing capacity and skills during this quarter has been to ensure that front line services and other related functions have the required staffing levels to respond adequately to demand. Where possible staff in closed services have been redeployed into critical services following appropriate training in accordance with the council's agreed pandemic re-deployment strategy
4	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	6 GREEN	7 AMBER	While the focus of all activity has by necessity been targeted at supporting the council's response to the pandemic situation, the ethos of the BIG Action Plan has continued to be delivered and will be a key part of the recovery plan including the celebration of staff contributions during this time; the accelerated digital/agile working practices that the pandemic has necessitated; what work will look like during any easements and the effect on the organisational culture
5	Failure to improve educational attainment	9 AMBER	9 AMBER	Schools have reopened partially for years R,1,6,10 and 12 as well as for children of key workers. The Isle of Wight had higher proportions of children of school age attending school (9.5 per cent) than nationally (6.9 per cent) during lockdown. There will be no assessment results by institution or on an Island basis for the early years, Key Stage 1, Key Stage 2, GCSE or A level. Individual students will receive

				grades based upon a national reconciliation exercise informed by teacher assessment. These will not be published beyond the individual student.
6	Failure to identify and effectively manage situations where vulnerable children are subject to abuse	7 AMBER	8 AMBER	<p>The service is fully operational and continues to operate as near to normal as possible.</p> <p>A greater proportion of face to face visits are now being undertaken, where we know our staff can safely socially distance themselves. This is usually in relation to urgent child protection work. Contact between looked after children and their parents is being re-established where it is safe to do so</p>
7	Failure to recruit acceptable quality of professional practice across Adult Social Care (ASC) and Housing Needs	10 RED	9 AMBER	During Covid a number of teams have operated at Amber in ASC, the risks have been mitigated through staff redeployment, (internally within dept as well as externally from other council areas)
8	Failure to identify and effectively manage situations where vulnerable adults are subject to abuse	12 RED	10 AMBER	<p>Care homes on the Isle of Wight, as nationally have become 'closed institutions' meaning no visits by the Care Quality Commission, Social workers or Integrated QA Team. Number of safeguarding referrals from care homes has decreased.</p> <p>Commissioning team in frequent contact with all care homes, Integrated QA Team providing guidance to ASC providers and principal social worker leading task and finish group to provide best practice guidance to providers.</p>
9	Failure to secure the required outcomes from the integration of adult social care and health	12 RED	10 AMBER	On 19 March 2020, NHSEI published its "Discharge to Assess Requirements." This required all patients declared medically fit for discharge to be discharged from hospital within three hours. We quickly established a discharge to assess pathway with health partners and this has worked well although more people have entered residential care upon their discharge than is usually the case (which is being funded by the community care group initially for 12 weeks post 19 March 2020 and now extended until the end of July 2020).
10	ASC care provider failure	12 RED	N/A	<p>Equipment, cost and staffing pressures being experienced by care providers. The council has provided additional funding including:</p> <ul style="list-style-type: none"> a ten per cent uplift for all clients on care bandings funded by the council, (initially for 12 weeks with CMT approving a further 12 weeks funding at the end of June 2020));

				<ul style="list-style-type: none"> ongoing funding for people receiving council funded domiciliary care who are admitted into hospital for up to 14 days (increased from 48 hours previously) whilst they remain in hospital; A ten per cent uplift to domiciliary care providers (again paid as one lump sum for 12 weeks in advance in order to support their cashflow issues and again with CMT approving a further 12 weeks funding at the end of June 2020).
11	Failure of either the Highways PFI contract or Waste contract resulting in significant financial and operational disruption for the council and its residents	12 RED	10 AMBER	<p>Construction of the Energy Recovery Plant is currently suspended following the sub-contractors leaving the site as of 16 March due to the Covid-19 situation.</p> <p>Household waste recycling centres were initially closed in line with the government lockdown restrictions but were reopened with stringent social distancing measures in May 2020.</p>
12	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	12 RED	12 RED	The Brexit Impact Group's responsibilities are now a sub-set of the overall Covid-19 Recovery cell to assess the broader economic impacts to the IW. A developed action plan is in place concentrating on key areas that could impact the Isle of Wight both immediately after Brexit and in later months and years.
13	Achieving the vision for the Island	12 RED	9 AMBER	<p>The Council is producing a comprehensive Recovery Plan looking at minimising the economic hit the Island will take as a result of the Covid-19 pandemic. Of particular focus will be the tourism, transport, agriculture and care sectors. The Recovery Plan was initially agreed by Cabinet in June and any subsequent updates to it will be presented to Cabinet in September</p> <p>The Programme underwent a substantive review in light of the financial impact to the council of the Covid-19 pandemic and it's wider impact on other economic sectors such as Housing. The results of this review were shared with Members Regeneration Board in July 2020 who agreed which priorities will be taken forward over the next 18 months. HR and financial resources will be realigned to meet these objectives.</p>

14	Additional demands placed upon the Isle of Wight Council and partners owing to pandemic flu or similar large-scale outbreaks	16 RED	14 RED	The latest financial position as a consequence of this emergency, is serious. Following two tranches of emergency government funding totalling £9m, the council still has a forecast financial shortfall for the full financial year of c£10m. This consist of spending pressures c £8m, budget savings at risk of being undeliverable c £1m, loss of income from fees and charges c £8m and loss of Council Tax and Business Rates of c £2m less £9m of emergency funding received to date.
15	Insufficient regulatory compliance for buildings under the Council's ownership	10 AMBER	10 AMBER	Reported to Audit Committee in March 2020 that work was substantially completed on mitigating this risk
16	Non-compliance with General Data Protection Regulations (GDPR)	10 AMBER	10 AMBER	Reported to Audit Committee in March 2020 that work was substantially completed on mitigating this risk. The Information Commissioners Office (ICO) has issued guidance regarding their regulatory guidance during the Covid-19 pandemic.

CONSULTATION

12. 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

13. 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

14. 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

15. 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

16. Option 1 - Audit Committee approves the strategic risks of the council as set out in paragraph 11 and Appendix 1.
17. Option 2 - Audit Committee does not approve the strategic risks of the council as set out in paragraph 11 and Appendix 1.

RISK MANAGEMENT

18. 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 11 and Appendix 1.

APPENDIX ATTACHED

19. [Appendix 1](#) - Strategic Risk Register as at 27/07/2020

Contact Point: David Martin, Transformation and Business Improvement Manager (Strategy)
☎ 821000 e-mail david.martin@iow.gov.uk

WENDY PERERA
*Assistant Chief Executive and
Chief Strategy Officer*

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