



Purpose: For Decision

Committee report

Committee	AUDIT COMMITTEE
Date	23 NOVEMBER 2020
Title	THE COUNCIL'S RISK PROFILE
Report of	ASSISTANT CHIEF EXECUTIVE AND 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 third 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 presentation of the Q2 report took place on 12 November 2020.

Reporting methods

4. 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.
5. All risk scoring is decided by Corporate Management Team which reviews the Strategic Risk Register each month.
6. 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.
7. In order to see which information has been updated since the previous report in March, any additional comments are shown in ***italics***.

RISK CHANGES

8. Amendments that Corporate Management Team (CMT) have made between the last report to Audit Committee (28 September 2020) and this current report are summarised in the table below (paragraph 10). The register was circulated to CMT in October 2020 and all risk owners provided additional content.

STRATEGIC CONTEXT

9. 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). The presentation of the Q2 report took place on 12 November 2020.

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

Risk no.	Risk Title	Score (Nov 2020)	Score (Sept 2020)	Score (June 2020)	Comment
1	Lack of financial resource and the ability to deliver the council's in-year budget strategy for 2020/21	14 RED	14 RED	3 GREEN	<p>At the end of the second quarter the council is forecasting a potential budget pressure of £6.5 million. It is estimated that c £7 million of this pressure is as a direct result of the COVID-19 pandemic but offset by non COVID related variances of £0.5m.</p> <p>Further to this, the Leader presented to Full Council on 15 July a Deficit Recovery Strategy totalling some £11.5m A current estimated deficit of £7m would result in headroom in the Deficit Recovery Strategy of some £4.5m to fund any further costs in 2020/21 (either relating to the recovery strategy or costs of a second wave) or to provide a contribution to any legacy impact of Covid that might continue into 2021/22.</p>
2	Lack of financial resource and the ability to deliver the council's medium-term financial strategy	16 RED	16 RED	16 RED	The financial impact of COVID-19 on the current financial year and any potential legacy impact into future years will be kept under close review. A further consequence of COVID-19 on medium-term financial planning has been the delay in the Fair Funding review and the 75% Business rates retention. It has also been confirmed that for 2021/22 there will only be a one-year Comprehensive Spending Review and Local Government Finance settlement instead of the three years that was initially planned.
3	Insufficient staffing capacity and skills	9 AMBER	9 AMBER	9 AMBER	The appointment of a recruitment specialist has been key to securing improvements in the management of the council's managed service for temporary agency staff, working closely with services where agency services are often required to maintain the delivery of statutory and other essential services, to establish ways in which such spend can be reduced, as well as to engage with locally approved suppliers and secure their sign up to the agency framework and to support the local economy wherever possible.
4	A change in organisational culture fails to keep a pace with the speed of organisational change,	6 GREEN	6 GREEN	6 GREEN	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 is now a key part of the recovery plan. A refreshed plan to take into account the feedback of staff during the period of

	negatively impacting on the delivery of the required transformation to deliver the corporate plan				the pandemic and changes necessary to accommodate new ways of working has been completed.
5	Failure to improve educational attainment	10 AMBER	10 AMBER	11 AMBER	Attendance on the Isle of Wight has been higher than national during the first half term. The work of the school improvement team is now increasingly focused on supporting educational attainment in the current Covid climate, however, support for schools around other aspects of managing Covid is still prioritised where needed.
6	Failure to identify and effectively manage situations where vulnerable children are subject to abuse	7 AMBER	7 AMBER	7 AMBER	The service is fully operational and continues to operate as near to normal as possible. All of our statutory timescales for visits and meetings remain the same. We have significantly increased face to face visiting to nearly normally levels and where this is not possible continue using technology to ensure we see children and families through digital means – WhatsApp, Teams and a number of other similar approaches.
7	Failure to recruit acceptable quality of professional practice across Adult Social Care (ASC) and Housing Needs	8 AMBER	8 AMBER	10 RED	We have successfully restructured the Care Management Teams in ASC in order to maximise the potential for integration with Health. Specifically, we have added Care Management resource to the three locality teams and, in alignment with the Health & Care Plan, are working to align ASC, Mental Health and Learning Disability services with the NHS Trust.
8	Failure to identify and effectively manage situations where vulnerable adults are subject to abuse	12 RED	12 RED	12 RED	The Government's requirements for an inaugural ASC Winter Plan have recently been received and this will be published as required by 31 st October 2020. Additionally, we will be submitting a self-assessment of the sustainability of the care market on the Isle of Wight
9	Failure to secure the required outcomes from the	12 RED	12 RED	12 RED	In August 2020 NHS England and NHS Improvement published updated 'discharge to assess' requirements confirming that clinical commissioning

	integration of adult social care and health				groups remain financially responsible for care and support costs of people leaving hospital, or to avoid hospital admission for up to six weeks.
10	ASC care provider failure	12 RED	12 RED	12 RED	There have been well known, significant, issues around care providers' access to PPE during the Covid emergency. Providers are experiencing significant increased costs as the use, and prices, of PPE have increased exponentially - and these PPE cost pressures have been compounded by fractures in supply.
11a	Failure of the Waste contract resulting in significant financial and operational disruption for the council and its residents	8 AMBER	8 AMBER	8 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. A new completion date has been set for April 2021.</p> <p>Performance is currently good with almost 100% of municipal waste now being diverted from landfill and over 56% of household waste being recycled or composted</p>
11b	Failure of the Highways PFI contract resulting in significant financial and operational disruption for the council and its residents	8 AMBER	8 AMBER	8 AMBER	<p>A savings programme has been established and agreed with Island Roads and reports made to a dedicated savings board. The programme aims to deliver savings in three phases completing in March 2021. The savings are a balance between a requirement to achieve contract savings and maintaining acceptable standards of service delivery.</p> <p>Discussions are ongoing between the service provider and the council to facilitate the completion of the Core Investment period of the contract (Milestone 14).</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	12 RED	<p>The Brexit impact Group was operating as a subset of the overall Covid-19 Recovery Cell but has been stood up in its own right from October 2020. The group liaise with the IW Chamber of Commerce and other business organisations on the island to ensure that local businesses can be as prepared as possible.</p> <p>A full risk register is in place identifying short, medium and long term risks including the main themes of: -</p> <ul style="list-style-type: none"> • Port Health • Food resilience

					<ul style="list-style-type: none"> • National economic impact • Public Health • Cross Solent transport and the supply of essential goods • Workforce impact on the Care sector
13	Achieving the vision for the Island	12 RED	12 RED	12 RED	<p>A comprehensive Recovery Plan was presented to Cabinet on 10 September 2020. The plan is based around 3 main pillars:</p> <ul style="list-style-type: none"> • Community recovery • Economic recovery • Place recovery
14	Additional demands placed upon the Isle of Wight Council and partners owing to pandemic flu or similar large-scale outbreaks	16 RED	16 RED	16 RED	<p>The IWC Pandemic Influenza Plan provides a framework for the Council's response to an Influenza Pandemic. This will be reviewed with lessons learnt from the COVID-19 pandemic response with consideration to broadening to a broader pandemic response plan.</p> <p>With regards to COVID-19, the Isle of Wight Council continues to carefully monitor and respond to the emerging situation, alongside our partners in Public Health England and the NHS, to ensure we are well prepared should the situation change. The Isle of Wight Council is working as part of the Local Resilience Forum to ensure a coordinated response and has in place its own Silver and Gold command and control structures to manage the response to COVID and monitor the situation on the Island</p>

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 10 and Appendix 1.
Option 2 - Audit Committee does not approve the strategic risks of the council as set out in paragraph 10 and Appendix 1.

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 10 and Appendix 1.

Appendix Attached

Appendix 1: Full Strategic Risk Register

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

WENDY PERERA
*Assistant Chief Executive and
Chief Strategy Officer*

CLLR BRIAN TYNDALL
Cabinet Member for Corporate Resources