



Purpose: For Decision

Committee report

Committee	AUDIT COMMITTEE
Date	15 MARCH 2021
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 fourth 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 Q3 report took place on 11 February 2021.

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 November, any additional comments are shown in *italics* in Appendix 1.

RISK CHANGES

8. Amendments that Corporate Management Team (CMT) have made between the last report to Audit Committee (23 November 2020) and this current report are summarised in the table below (paragraph 10). The register was circulated to CMT in February 2021 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 Q3 report took place on 11 February 2021.
10. Strategic Risk Register Summary – March 2021 (Full Strategic Risk Register can be seen in Appendix 1)

Risk no.	Risk Title	Score (Nov 2020)	Score (Sept 2020)	Score (Feb 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	12 RED	<p>As at the end of quarter three there is a forecast saving against the budget target of £0.2 million, of which an estimated £1.2 million pressure is directly related to the coronavirus pandemic but offset by non Covid-19 related variances of - £1.4 million (see section below for more detail).</p> <p>The council has an obligation to plan its financial management responsibly and therefore since the end of quarter one the Cabinet has developed a deficit recovery strategy (as reported to Full Council in July) to enable the council to continue to operate without the need to consider emergency spending controls and service reductions under a section 114 notice. The deficit recovery strategy totals some £11.5 million and will meet the pressure from Covid-19 that exists at year end. A current estimated deficit of £1.2 million would result in headroom in the deficit recovery strategy of some £10.3 million. This will be carried forward to provide a contribution to any legacy impact of Covid-19 that might continue into 2021/22 and beyond.</p>
2	Lack of financial resource and the ability to deliver the council's medium-term financial strategy	16 RED	16 RED	16 RED	<p>The budget process for 2021/22 commenced in July 2020. The Fair Funding Review and the 75 per cent Business Rates retention that would have informed the 2021/22 budget setting process have been delayed and will not take place before the 2021/22 budget is set. It has also been confirmed that there will be a one-year Comprehensive Spending Review and Local Government Finance Settlement instead of the three years that was initially planned. The budget will be set at Full Council in February 2021.</p>

3	Insufficient staffing capacity and skills	9 AMBER	9 AMBER	9 AMBER	Monitoring of staffing capacity as a result of the continued response to Covid-19 continues to ensure that resources can be redeployed as necessary. The extended period in which services have been required to respond and the changes in working practices has shown that there is fatigue within the workforce and staff wellbeing remains a concern, as is the ability to maintain business continuity. This has been heightened particularly as a result of the demands for resource to provide essential response services including on-going grant distribution, community safety support services and compliance monitoring as well as supporting the delivery of the vaccination centres and community testing facilities. There is a growing concern that the needs for redeployment are beginning to fast outweigh the available staffing resource without further affecting business as usual service delivery. The council's pandemic redeployment strategy provides a mechanism for this to be managed.
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	6 GREEN	6 GREEN	Consideration is now being given to the longer term workforce strategy that is required to underpin the future working culture and operational practices that will and can be adopted as a result of the learning and experiences during the pandemic which by necessity has changed the way in which our public services are delivered. The council continues to overachieve its apprenticeship targets set by Government and is one of only 12 authorities to have met their targets since their inception.
5	Failure to improve educational attainment	10 AMBER	10 AMBER	10 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-19 climate, however, support for schools around other aspects of managing Covid-19 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	8 AMBER	8 AMBER	8 AMBER	The past three months has seen an overall reduction of number of vacancies, improved retention and time to hire of candidates. A

	across Adult Social Care (ASC) and Housing Needs				<p>rolling advertisement campaign has proved successful and we continue to focus on our 'grow our own' social work programmes supporting social care staff to access apprenticeships and specialist training.</p> <p>Ongoing pro-active attendance management, with the support of a dedicated Attendance Officer, is proving highly effective in managing and supporting staff with periods of absence.</p>
8	Failure to identify and effectively manage situations where vulnerable adults are subject to abuse	12 RED	12 RED	12 RED	<p>All ASC staff continue to be focused on protecting vulnerable adults in the Islands communities.</p> <p>The support provided to care providers throughout the pandemic continues to be extensive and appears to be welcomed by independent sector providers. We continue to provide our daily bulletin and weekly calls form commissioners to provide bespoke support. We have also reintroduced our regular provider forums to ensure peer support is also accessible.</p>
9	Failure to secure the required outcomes from the integration of adult social care and health	12 RED	12 RED	12 RED	<p>There is a lack of clarity around the ongoing funding available to support the Discharge to Assess requirements. We continue to work closely with CCG colleagues to ensure a consistent use of resources together with joint commissioning and delivery arrangements.</p> <p>We welcome the additional funding made available to support the social care workforce and have worked with local independent sector providers to identify how we can maximise the impact of the £373,000. The schemes identified will help to alleviate some of the workforce pressures in outbreak situation in our local care homes and in the community.</p> <p>Discharge to Assess in line with the national directive continue to work well locally. Daily huddles to support with discharge are in place with oversight being provided 3 times a week through CCG, Trust and ASC senior leaders. A focus on improving and maintaining hospital flow has driven a number of process changes as clearer more consistent data collection to enable evidence-based decision making.</p>
10	ASC care provider failure	12 RED	12 RED	12 RED	<p>The continued impact of Covid-19 and the increase in Covid-19 positive cases locally has been felt across ASC and Housing Needs including in our internal care provider services. In early 2021 we saw a large number of staff isolating as a result of positive test results and/or contact tracing which created workforce fragility. The position is improving with workforce shortages mitigated through staff redeployment (internally within dept as well as externally from other council areas). This picture has been reflected across the independent sector and with system partners.</p>

11a	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>
11b	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 2020 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>
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>As the government did not seek any extension the end of the transition period was 31 December 2020. Planning assumption is that we are likely to experience a 2-week period of response phase and then the Local Resilience Forum would move to the Recovery Phase.</p> <p>The likelihood is that the UK will leave the EU on a World Trade Organisation basis</p> <p>Brexit risk management and response post transition will be absorbed into the Covid-19 recovery planning going forward. 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 to respond to impacts and opportunities.</p>
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</p>

					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
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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 approving the audit plan which will be carried out within the approved budget.

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

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