



Purpose: For Decision

Committee report

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| Committee | AUDIT COMMITTEE |
| Date | 27 SEPTEMBER 2021 |
| Title | THE COUNCIL'S RISK PROFILE |
| Report of | ASSISTANT CHIEF EXECUTIVE AND DIRECTOR OF STRATEGY |

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 2021/22 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. A revision of the Corporate Plan is in progress and the Strategic Risk Register will need to be re-aligned accordingly. Of key importance will be improving the way mitigation is presented in the report. Whilst general commentary provided by risk owners is usually detailed and relevant the mitigations need to have clear timescales and lines of responsibility to enable the Audit Committee to track their delivery and be assured that the risks are being sufficiently managed.
4. Alongside this there is to be a full review of the IWC Risk Management Framework which will include the following: -
 - (a) A review of the current usage of the IWC Risk Management System to identify the extent to which services are following the IWC Risk Management Strategy. This will be done in conjunction with an internal audit of Risk Management within the IWC the results of which will be presented to the Audit Committee.
 - (b) A review of the IWC Risk Management System to improve its accessibility and functionality
 - (c) Revised Risk Management training to ensure that the following groups are aware of their roles and responsibilities

- (1) Audit Committee Chair and members
- (2) Directors and Senior Managers
- (3) Staff

(d) Resetting of ALL Service Risk Registers to align with both the Corporate Plan and the respective Service and Team Plans

5. Strategic risks are also referred to within the Quarterly Performance Management Reports (QPMR) that are presented to Cabinet. The presentation of the Q1 report took place on 9 September 2021. The dates for subsequent reports are shown below:-
- (a) Quarter 2 (July 21- September 21) – 11 November 2021
 - (b) Quarter 3 (October 21 – December 21) – 10 March 2022
 - (c) Quarter 4 (January 22 – March 22) – 12 May 2022

REPORTING METHODS

6. 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.
7. All risk scoring is decided by Corporate Management Team which reviews the Strategic Risk Register each month as the Chief Executive Officer and the Directors have the statutory responsibility for managing the risks.
8. 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.
9. In order to see which information has been updated since the previous report in July, any additional comments are shown in *italics* in Appendix 1.

RISK CHANGES

10. Amendments that Corporate Management Team (CMT) have made between the last report to Audit Committee (26 July 2021) and this current report are summarised in the table below (paragraph 12). The register was circulated to CMT in August and September 2021 and all risk owners provided additional content.

STRATEGIC CONTEXT

11. 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 Q1 report took place on 9 September 2021.

12. Strategic Risk Register Summary – September 2021 (Full Strategic Risk Register can be seen in Appendix 1)

| Risk no. | Risk Title | Score (Sep 2021) | Score (July 2021) | Score (Feb 2021) | Comment |
|----------|--|------------------|-------------------|------------------|---|
| 1 | Lack of financial resource and the ability to deliver the council's in-year budget strategy for 2021/22 | 12 RED | 12 RED | 12 RED | The latest report for quarter one indicates a forecast balanced budget. As at the end of quarter one the main impact forecast is the income loss being incurred in council services and which results in an estimated circa £3 million being required to be funded from the contingency, This will be kept under review as the financial year progresses. |
| 2 | Lack of financial resource and the ability to deliver the council's medium-term financial strategy | 16 RED | 16 RED | 16 RED | The budget process for 2022/23 has commenced. The budget will be approved in February 2022. The Fair Funding Review and the changes to the Business Rates retention scheme that would have informed the 2022/23 budget setting process have been delayed once again and will not take place before the budget is set. |
| 3 | Insufficient staffing capacity and skills | 9 AMBER | 9 AMBER | 9 AMBER | Covid-19 response demands upon services continue to be seen. Council administrative buildings have been reconfigured in accordance with current government guidelines to allow for staff who need to attend the workplace to do so. Sickness absence levels whilst showing a slight increase from previous months, remain stable overall. Continued weekly monitoring of Covid-19 related absences is being undertaken to monitor impact on service delivery. |
| 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 | The council's BIG cultural change action plan which is driven by the council's corporate priorities and feedback from staff through the annual staff survey has now been refreshed and is to be incorporated into a wider organisational development strategy for the council. |

| Risk no. | Risk Title | Score (July 2021) | Score (July 2021) | Score (Feb 2021) | Comment |
|----------|---|-------------------|-------------------|------------------|--|
| 5 | Failure to improve educational attainment | 10 AMBER | 10 AMBER | 10 AMBER | The Isle of Wight have had higher proportions of children of school age attending school than nationally since 8 March. Typically, primary attendance has been around 96 per cent and secondary around 92 per cent. The Isle of Wight Council has received positive feedback from the DfE on our attendance levels. |
| 6 | Failure to identify and effectively manage situations where vulnerable children are subject to abuse | 7 AMBER | 7 AMBER | 7 AMBER | An annual self-evaluation was produced for the annual conversation with Ofsted in March 2021. The self-evaluation highlights strengths and areas for development, which Ofsted will use as basis for future inspections. The annual conversation addressed the progress made since the inspection and reviewed response to Covid-19. Ofsted published new guidance on them re-starting inspections from September 2020. Ofsted undertook a focussed inspection in July 2021 of the Isle of Wight Children's Social Care Service. The letter of findings will be published early September 2021. |
| 7 | Failure to recruit acceptable quality of professional practice across Adult Social Care (ASC) and Housing Needs | 8 AMBER | 8 AMBER | 8 AMBER | All ASC staff continue to be focused on protecting vulnerable adults in the Islands communities. We continue to support care providers with our daily bulletin and weekly calls from commissioners to provide bespoke support. Development of best practice during Covid-19 through our Ethical Task and Finish Group has continued to be of benefit to our local system. Safeguarding continues to be a key area of focus and we continue to see a reduction in the number of safeguarding referrals received by the team. |
| 8 | Failure to identify and effectively manage situations where vulnerable adults are subject to abuse | 10 AMBER | 10 AMBER | 12 RED | Additional funding for assessments was allocated for 2020/21 although use of this funding was delayed as a result of the pandemic. Assurance Audits are undertaken regularly by the Nominated Individual, the Service Manager and the Group Manager the results of which are reported on a monthly basis to the departmental service board. Each service now has a bespoke Service Improvement Plan which is being regularly and routinely monitored. |
| 9 | Failure to secure the required outcomes from the integration of adult social care and health | 10 AMBER | 10 AMBER | 12 RED | The focus on improving and maintaining hospital flow continues to drive a number of process changes as clearer more consistent data collection to enable evidence-based decision making has become available. The key challenge in relation to responsiveness to hospital escalation is linked to the fragility in the workforce across the Island. This is impacting on the ability to effect timely discharge. |

| Risk no. | Risk Title | Score (July 2021) | Score (July 2021) | Score (Feb 2021) | Comment |
|----------|--|-------------------|-------------------|------------------|--|
| 10 | Independent Social Care Sector Sustainability (care Homes and Home Care) (Previously ASC care provider failure) | 12 RED | 12 RED | N/A | <p>The impact of Covid-19 has led to reduced occupancy levels in some care homes. This is being carefully monitored and proactively managed. We continue to monitor through the National Capacity Tracker occupancy levels across all CQC registered Care Homes. Decreasing levels of occupancy increase risk of provider failure. This is managed through weekly contact by a link commissioner and open dialogue with local providers to minimise risk of a care home closing or a provider exiting the marketplace on short notice.</p> <p>Recent workforce challenges have identified that care providers need to consider and review the rates of pay they offer to ensure that they are able to more easily recruit staff and to better manage retention. It is likely that any increase in staff wage will be passported to the council part of the financial pressures indicated by providers during the forthcoming fee consultation for 2022/2023.</p> |
| 11 | 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 with a majority of the first two phases having been agreed and implemented and the remaining elements by Sept 2021. The third phase of savings are to be agreed and completed by September 2023. The savings are a balance between a requirement to achieve contract savings and maintaining acceptable standards of service delivery. An agreement is now in place between the service provider and the council to facilitate the completion of the Core Investment period of the contract (Milestone 14) by March 2023.</p> |
| 12 | 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>The Energy from Waste Plant passed its Readiness Tests and has been issued a certificate of Readiness by the Independent Certifier. This means that the individual component parts are all electrified and have been tested in isolation to ensure they pass installation and operational tests. This signifies the successful end to cold commissioning. Hot Commissioning and preparation for the acceptance tests has now commenced.</p> <p>Performance is currently good with almost 100 per cent of municipal waste now being diverted from landfill and over 58 per cent of household waste being recycled or composted</p> |

| Risk no. | Risk Title | Score (July 2021) | Score (July 2021) | Score (Feb 2021) | Comment |
|----------|--|-------------------|-------------------|------------------|---|
| 13 | Achieving the vision for the Island | 12 RED | 12 RED | 12 RED | A full review of the IWC Risk Management Strategy has begun and will include a review of both the format of the Strategic Risk Register and Risks that are considered to be part of it. A Draft Strategy is planned to be completed by December 2021 at which point consultation will take place before and an implementation plan will be initiated. |
| 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 Covid-19 Local Outbreak Management Plan 2021 details how the Council and its partners will respond to further outbreaks of infection and will be reviewed on a quarterly basis unless learning from an incident or outbreak requires it to be reviewed sooner.</p> <p>A Covid-19 working group brings together system-wide representatives to discuss the Covid-19 situation on the Island and escalate concerns which are then fed into the Covid-19 Health Protection Board chaired by the DPH. Tabletop exercises have been held at working group and health protection board level to test the plan.</p> |

CONSULTATION

13. 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

14. There are no direct financial implications of approving the audit plan which will be carried out within the approved budget.

LEGAL IMPLICATIONS

15. 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

16. 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

17. Option 1 - Audit Committee approves the strategic risks of the council as set out in paragraph 12 and Appendix 1.
- Option 2 - Audit Committee does not approve the strategic risks of the council as set out in paragraph 12 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 12 and Appendix 1.

Appendix Attached

Appendix 1: Full Strategic Risk Register

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