



Purpose: For Decision

Committee report

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| Committee | AUDIT COMMITTEE |
| Date | 6 DECEMBER 2021 |
| Title | THE COUNCIL'S RISK PROFILE |
| Report of | ASSISTANT CHIEF EXECUTIVE & 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 third 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 2021-25 was approved by Full Cabinet on 17th November 2021 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 – December 2021
- (2) Directors and Senior Managers – December 2021 – February 2022
- (3) Staff – November 2021 ongoing

(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 Q2 report took place on 11 November 2021. The dates for subsequent reports are shown below:

- (a) Quarter 3 (October 21 – December 21) – 10 February 2022
- (b) 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. The risk scoring matrix from which these scores are derived is shown below. Further explanation of how scores are calculated can be seen in Appendix 2.

| | | | | | |
|-------------------------------|-----------------------|--------------------|---------------------|--------------------|-------------------------------|
| Likelihood/Probability | 4 V. Likely | 7 Medium | 11 Medium | 14 High | 16 <u>VERY HIGH</u> |
| | 3 Likely | 4 Low | 8 Medium | 12 High | 15 <u>VERY HIGH</u> |
| | 2 Unlikely | 2 Low | 5 Low | 9 Medium | 13 High |
| | 1 Remote | 1 Low | 3 Low | 6 Low | 10 Medium |
| | Scale | 1 Low | 2 Medium | 3 High | 4 Major |

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 (27 September 2021) and this current report are summarised in the table below (paragraph 13). The register was circulated to CMT in September and October 2021 and all risk owners provided additional content.
11. An additional risk has been recommended by CMT for inclusion in the Strategic Risk Register. “Dealing ***with threats to business continuity (including cyber incidents)***”. The predominant mitigation for this risk is to increase the robustness of individual services Business Continuity Planning under the leadership of the Council’s Emergency Planning Team with support from ICT.

STRATEGIC CONTEXT

12. 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 11 November 2021.

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

| Risk no. | Risk Title | Score (Oct 2021) | Score (Sep 2021) | Score (July 2021) | Comment |
|----------|---|------------------|------------------|-------------------|---|
| 1 | Lack of financial resource and the ability to deliver the council's in-year budget strategy for 2021/22 | 9 AMBER | 12 RED | 12 RED | <p><i>The latest financial report for quarter two forecasts that the IWC will be within budget for 2021-22</i></p> <p><i>As at the end of quarter two the main impact forecast is the income loss being incurred in council services and which results in an estimated circa £2.4 million, however it is expected that circa £0.4 million will be recovered via the government's Sales, Fees and Charges Scheme and the remaining balance of circa £2 million will be funded from the Covid-19 Contingency of circa £15 million that has been set aside to mitigate the financial impact of Covid-19 over the next three financial years.</i></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><i>The budget process for 2022/23 is well under way. 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.</i></p> |
| 3 | Insufficient staffing capacity and skills | 9 AMBER | 9 AMBER | 9 AMBER | <p><i>The on-going legacy issues that have emerged as a result of Covid-19 continue to place demands upon some service areas, however these are being managed effectively and regular monitoring undertaken. We continue to move towards a new hybrid model of working to afford people the means to work from wherever they are best placed to deliver success.</i></p> <p><i>Recruitment and retention project scope has now been approved by the board with full initiation documentation completed to set out the programme of work to be undertaken, and planning is underway in readiness to commence with main workstreams (requirements and activity) identified. Pilot work for Workforce planning due to commence mid-November.</i></p> <p><i>Agreed action plan is in place with an associated project board to underpin delivery.</i></p> <p><i>The annual flu vaccination programme for front line staff and other business critical roles is now underway and clinics will commence during November and run through to the end of December.</i></p> |

| Risk no. | Risk Title | Score (Oct 2021) | Score (Sep 2021) | Score (July 2021) | Comment |
|----------|--|--------------------|--------------------|--------------------|---|
| 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 | <p><i>The next iteration of the council's organisational development strategy has now been approved by the corporate management team and the associated action plan is now in operation.</i></p> <p><i>The Big Action Plan has been incorporated into the strategy to allow for greater coherence and co-ordination.</i></p> |
| 5 | Failure to improve educational attainment | 10 AMBER | 10 AMBER | 10 AMBER | <p><i>Good proportions of children of school age attending school during the first half of autumn term 2021 – Primary school attendance between 92-93 percent (in line with national average of 91 percent), Secondary school attendance between 84-85 percent (slightly below national average of 86 percent)</i></p> <p><i>Live webinars delivered at the end of August / start of September 2021 to ensure the new DfE guidance was understood by all educational settings.</i></p> <p><i>Where schools have experienced positive cases, headteachers are able to seek advice from the Local Authority's school improvement team and public health team. The DfE has issued guidance to schools outlining the measures they should consider in the case of the outbreak threshold being met. The Director of Public Health and Assistant Director, Education and Inclusion have written to all headteachers to ensure they are aware of the key measures they can introduce.</i></p> <p><i>73 percent of IW schools are currently rated good or outstanding and signs from inspections undertaken last academic year would suggest that this will improve over the coming months once Ofsted inspections resume after their current suspension due to the Covid-19 pandemic. Since the last update Christ the King College has been reinspected. Previously judged inadequate, the college is now judged to require improvement with good judgements in leadership and management, sixth form provision and behaviour and attitudes.</i></p> |

| Risk no. | Risk Title | Score (Oct 2021) | Score (Sep 2021) | Score (July 2021) | Comment |
|----------|---|-------------------|-------------------|-------------------|--|
| | | | | | <i>Continued development of strong relationships and synergies between the range of departments and agencies that work with children including social care, health, and the SEN service</i> |
| 6 | Failure to identify and effectively manage situations where vulnerable children are subject to abuse | 7 AMBER | 7 AMBER | 7 AMBER | <p><i>Ofsted undertook a focussed inspection in July 2021 of the Isle of With Children's Social Care Service. The letter of findings was published early September 2021.</i></p> <p>Headline findings <i>'The senior leadership team has continued at pace with their transformation project since the previous inspection in November 2018, when they were judged to be good. During the pandemic, they have implemented a new social work model and approach, which has had a positive impact on social work practice. The new approach is evident in children's records and other documents which are written directly to the child and family. Senior leaders acknowledge that further development and embedding of the approach across all areas of practice would strengthen the impact of this model on improving children's circumstances.'</i> Ofsted 2021</p> <p><i>A new Quality Improvement Plan (QUIP) has been developed. The self-evaluation is being updated covering 2021 ahead of the annual conversation the Director and senior managers have with Ofsted in March 2022.</i></p> |
| 7 | Failure to recruit acceptable quality of professional practice across Adult Social Care (ASC) and Housing Needs | 8 AMBER | 8 AMBER | 8 AMBER | <p>All ASC staff continue to be focused on protecting vulnerable adults in the Islands communities.</p> <p><i>We are currently undertaking recruitment for a number of key senior roles within the department which have recently become vacant, and focus remains on the recruitment to specialist roles in the Mental Health Social Work team. Against a backdrop of a national skills shortage in this area we are offering existing staff the opportunity to train as Approved Mental Health Professionals (AMHPs).</i></p> <p><i>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</i></p> |

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|----------|--|------------------|------------------|-------------------|--|
| 8 | Failure to identify and effectively manage situations where vulnerable adults are subject to abuse | 10 AMBER | 10 AMBER | 12 RED | <p><i>Safeguarding continues to be a key area of focus and September 2021 saw an increase in the number of safeguarding referrals received by the team with a noticeable increase in the referrals from residential care homes, home care agencies and the ambulance service. The number of concerns and enquiries from those referrals has seen a small decrease. Performance continues to be good with over 98 per cent of safeguarding meetings being held within 7 days demonstrating timely and effective triage.</i></p> <p><i>A full review of all outstanding Deprivation of Liberty Safeguards (DoLS) referrals has been undertaken to identify the most effective way of addressing the backlog which has built up following a change in the legal framework and the pandemic. We have seen a small reduction in the number of applications awaiting assessment and we continue to closely monitor the situation and to triage all referrals ensuring that those which are a priority receive prompt attention</i></p> |
| 9 | Failure to secure the required outcomes from the integration of adult social care and health | 10 AMBER | 10 AMBER | 12 RED | <p><i>The national scheme to provide additional funding to Health partners to support with Hospital Discharge (HDS1 and HDS2) will now continue to 31/03/2022. We have seen an increase in financial liability for care and support as a result of the Discharge to Assess policy implementation and continue to review on a monthly basis the impact of these arrangement to mitigate so far as is possible long term effect.</i></p> <p><i>The focus on improving and maintaining hospital flow continues to drive a number of process changes. The System Resilience Board takes ownership of the programmes of work arising from escalation and monitors the delivery of actions in a timely way.</i></p> <p>The key challenge in relation to responsiveness to hospital escalation continues to be the fragility in the workforce across the Island.</p> |
| 10 | Independent Social Care Sector Sustainability (care Homes and Home Care) | 12 RED | 12 RED | N/A | <p><i>The National Living Wage increase and impact are now known and will form the basis of the consultation to determine the fair cost of care locally for the next financial year. 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</i></p> |

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|----------|--|------------------|------------------|-------------------|---|
| | (Previously ASC care provider failure) | | | | <p>to recruit staff more easily and to better manage retention. It is likely that any increase in staff wage will be reflected in the consultation and passported to the council as part of the financial pressures indicated by providers during the forthcoming fee consultation for 2022/2023.</p> <p>Workforce pressures have impacted on care homes and home care providers over recent months. Business Continuity Plans are being reviewed with local providers to ensure continuity of care where there may be workforce challenges and where necessary the council is using its own workforce to provide emergency care and support.</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>Island Roads are making good progress in the work required relating to structures for Milestone 14. The programme of contract savings is continuing with a majority of the first two phases having been agreed and Ringway Island Roads have agreed to forward fund the savings amounts in the budget by end of March 2022.</p> <p>Ongoing discussions are taking place to resolve outstanding PFI contract issues by end 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>Costs incurred by the delay of Hot Commissioning of the Energy from Waste Plant will not be at the council's cost. All construction delay and associated additional cost is entirely at the financial risk of the service provider and does not affect the diversion of waste from landfill or the recycle rates being achieved on the island.</p> <p>All household collections have continued during the Covid-19 restrictions. Recycling rates and service satisfaction levels have remained high.</p> |
| 13 | Achieving the vision for the Island | 12 RED | 12 RED | 12 RED | <p>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.</p> |

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|----------|--|------------------|------------------|-------------------|---|
| | | | | | <p><i>A new Corporate Plan was approved by Full Council in November 2021 - The delivery of the plan will be tracked through the Quarterly Performance Management Report that is presented to the IWC Cabinet.</i></p> <p><i>Our request to increase Information, Advice and Guidance (IAG) and specialist housing court desk services to meet the increasing need that is reported /projected was agreed. We successfully secured RSI4 funding to continue and develop our response to single rough sleepers. In addition, we also submitted and were successful in our bid for RSAP (Rough Sleeper Accommodation Programme) funding (£390,000 capital + £82,500 revenue). This will see the IWC purchase and renovate 5 single units of accommodation for people that have or are experiencing rough sleeping.</i></p> |
| 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><i>An Incident Response Plan specifically produced for the joint public health team, in concert with staff receiving specific training set to role allocations will enhance the team's overall response capability, linked to the authority's own response arrangements and those of the LRF to allow greater prominence within the command-and-control structures that are established.</i></p> <p>In line with the UK Government Covid-19 Roadmap, the Isle of Wight Council (IWC) reviewed and updated the Local Outbreak Plan in March 2021. 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> <p><i>A dashboard of the situation on the Isle of Wight with regard to Covid infections, deaths, hospitalisations, and vaccinations is published daily</i></p> |

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|----------|---|-------------------|------------------|-------------------|---|
| 15 | Dealing with threats to business continuity (including cyber incidents) | 9 AMBER | N/A | N/A | <p><i>It is critical that all services have a business continuity plan (BCP) in place for how they will function in the case of loss of ICT services for delivery to their customers. All department management must create a business continuity plan, register it with Emergency Management (EM) and then train all staff in its existence and what actions they should all take in the event of loss of ICT services.</i></p> <p><i>All Services have been advised and reminded of this requirement – 27 of 30 BCP's have been completed, with only Highways PFI, Planning & Regeneration outstanding. This is being followed up regularly.</i></p> <p><i>A Cyber Incident Response Plan has been drafted to provide a structured and systematic incident response process for all cyber security incidents that affect any of the Isle of Wight Council's information technology (IT) systems, network, data, and information assets, including the council's data held or IT services provided by third-party vendors or other service providers.</i></p> <p><i>Isle of Wight Council is part of a response framework at county level should an incident occur that identifies key considerations in the event of a cyber-attack that has a wider impact than one of the organisations individually.</i></p> |

CONSULTATION

14. 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

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

LEGAL IMPLICATIONS

16. 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

17. 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

18. Option 1 - Audit Committee approves the strategic risks of the council as set out in paragraph 13 and Appendix 1.

Option 2 - Audit Committee does not approve the strategic risks of the council as set out in paragraph 13 and Appendix 1.

RISK MANAGEMENT

19. 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 – That the Strategic Risks of the council as set out in paragraph 13 and Appendix 1 be approved.

APPENDICIES ATTACHED

Appendix 1: Full Strategic Risk Register

Appendix 2: IWC Risk Scoring Matrix

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