

15 November 2016		ITEM: 9
Standards and Audit Committee		
Review of the Strategic/Corporate Risk and Opportunity Register, Mid-Year Review		
Wards and communities affected: All	Key Decision: Non key	
Report of: Andy Owen, Interim Insurance & Risk Manager		
Accountable Head of Service: N/A		
Accountable Director: Sean Clark, Director of Finance and IT		
This report is a public report		

Executive Summary

One of the functions of the Standards and Audit Committee under the Terms of Reference of the Constitution is to provide independent assurance that the Authority's risk management arrangements are adequate and effective.

To enable the Standards and Audit Committee to consider the effectiveness of the Council's risk and opportunity management arrangements reports are presented on a bi annual basis and provide details of how the key risks and opportunities facing the Authority are identified and managed.

The Corporate Risk Officer has worked with Services, Department Management Teams, Performance Board and Directors Board during September to update the Strategic/ Corporate Risk and Opportunity Register.

This report provides Standards and Audit Committee with the key risks and opportunities identified by the review and the revised Strategic/Corporate Risk and Opportunity Register.

1. Recommendation(s)

- 1.1 That Standards and Audit Committee note the items and details contained in the Dashboard (Appendix 1).**
- 1.2 That Standards and Audit Committee note the 'In Focus' report (Appendix 2), which includes the items identified by Corporate Risk Management, Performance Board and Directors Board that Standards and Audit Committee should focus on this quarter.**

2. Introduction and Background

- 2.1 Risk and Opportunity Management (ROM) describes the planned and systematic approach used to identify, evaluate and manage the risks to and the opportunities for the achievement of the Council's objectives.
- 2.2 ROM makes a significant contribution to the sound Corporate Governance arrangements to meet the requirements set out in the Account and Audit Regulations and is an important part of the Council's overall Performance Management Framework.
- 2.3 The annual review of the Council's ROM arrangements was undertaken in the last quarter of 2015/16. As part of the review the ROM Policy, Strategy and Framework were updated and reported to Standards and Audit Committee 18th March 2016, via Directors Board 23rd February 2016.
- 2.4 In accordance with the ROM Policy, Strategy and Framework regular reviews of the Strategic/Corporate Risk and Opportunity register are undertaken and updates reported to Standards and Audit Committee, via Directors Board and Performance Board.
- 2.5 The refresh of the Strategic/Corporate Risk and Opportunity Register was completed in May 2016 and reported to Standards and Audit Committee 14th June 2016, via Directors Board 17th May 2016 and Performance Board 2nd May 2016.
- 2.6 For the mid-year review the Interim Insurance and Risk Manager has worked with Services, Department Management Teams and Performance Board during September 2016 to update the Strategic/Corporate Risk and Opportunity Register.
- 2.7 The review has resulted in some changes to the register. All the items and management action plans have been updated and three new risks added to the register.

3. Issues, Options and Analysis of Options

- 3.1 The outcome of the review is shown in the Dashboard (Appendix 1), In Focus report (Appendix 2) and the following tables.
- 3.2 Appendix 1 – Dashboard
The dashboard provides a summary of the risks/opportunities in the register mapped against the Council's priorities, the significance of the items and outlines progress against the planned targets and timeframes.
- 3.3 Appendix 2 – Risks and Opportunities In Focus report
This document includes the items identified by Corporate Risk Management, Performance Board and Directors Board that Standards and Audit Committee should focus on this quarter.

The rationale for items being in focus is based on the numeric value of the rating. Any risks/opportunities which are currently rated 16 or 12 automatically become in focus, and any which are currently rated 9 or 8 would be considered on a case by case basis for the in focus report.

A summary of the position for each in focus item is included below:

Risk - In priority (rating) and then reference number (numeric) order.

Adult Social Care, Cost & Quality Standards - Risk 1 (Rating: 16 Critical/Very Likely)

The risk evaluates the impact of a combination of issues on the maintenance of care quality standards and the ability to meet the needs of service users who meet Adult Social Care eligibility criteria. The risk is rated at the higher level due to the financial pressures on local authorities and the impact this has in turn on providers – e.g. reduced teams for critical processes such as contract management, inability to uplift prices to counter competition for workers, inflationary pressures etc.). In 2015-16, the Council agreed to provide residential providers for older people with an uplift of 1% and the possibility of a further 1% linked to performance. Whilst contingencies are and continue to be considered, the current Council financial situation makes finding a workable solution increasingly difficult – particularly with the added pressure of the National Living Wage. 2015/16 also saw two domiciliary care providers unable remain viable, and the Council having to take a considerable number of hours back in-house. The service and the market place is extremely stretched, and this risk remains a significant threat to the Council's ability to provide continuity and high quality care packages.

Update as of September 2016 - The market continues to show signs of being extremely stretched. This includes a waiting list for people requiring care packages which is the first time this situation has occurred. This in turn is placing strain on the wider system, with a greater reliance on informal carers (friends and relatives) and a delay to people ready to leave hospital. For the first time the delay in providing social care packages has led to more than 25 delayed discharges. The impact of the Council having to take care packages back in-house due to external provider failure has led to a squeeze on our own capacity and the need for improvement. A plan is in place and being implemented which responds to a recent CQC report and also an independent review of our in-house domiciliary care provider – Thurrock Care at Home. Regardless of improvements made and on-going work to control demand, the risk of continued system failure remains extremely high.

Cyber Security - Risk 22 (Rating: 12 Substantial /Very Likely)

The industry has recently reported that Ransomware attacks have been significantly increasing over the last 12 months. This type of attack progressively infects the host infrastructure encrypting data so it is inaccessible unless a ransom is paid. Ransomware is a “popular headline” cyber crime, but three neighbouring Councils have reported attacks within the last 12 months all of which have an operational impact. This proves that local authorities are being targeted.

Health and Social Care Transformation - Risk 2 (Rating: 12 Critical/Likely)

Significant programme management capacity and expertise is required to deliver both the Adult Social Care Transformation Programme and the Health and Social Care Integration Programme. There are also challenges to overcome to progress integration with health. This includes current pressures on the Essex-wide health economy, a ‘local’ health agenda which is geographically broader than Thurrock, and how decisions made by non-Thurrock parts of the Essex-wide system will impact upon what Thurrock wants and needs to achieve. Thurrock is a very low spending authority per capita on adult social care and also faces significant on-going reductions to funding. Risks of non-delivery of any, or all, of these important programmes are exacerbated by these factors. Migration in the form of securing resources in the short-term to provide adequate programme management, delivery and specialist expertise where required is necessary.

Update September 2016 - Whilst initiatives designed to manage, reduce, and meet demand are on-going, the results are in most cases not immediate. As a result, the risk rating as at March 2017 is still likely to be high. The management of demand in social care has links across the whole system, and therefore the speed at which the NHS can also transform will have a bearing on the success of our own programme. As detailed in our other Corporate Risk, we are currently seeing the impact of domiciliary provider failure on our own in-house provision and on our ability to provide care to people in their own home.

Welfare Reforms - Risk 3

(Rating: 12 Critical/Likely)

The impact of the changes is being monitored by the Welfare Reform Group. In terms of the specific areas :

- The Essential Living Fund has had a lower take-up than expected (largely because it is cashless) and the arrangements with Southend are working well. The scheme will continue as per Cabinet approval in December for 2015/16.
- The social sector size criteria has affected nearly 1,000 people. Discretionary Housing Payment has been used to minimise the impact; Housing Benefit arrears have been lower than expected; around 40 households have moved. The risk is over maintaining this position;
- The benefit cap only affected a very small number of people and has had minimal impact;
- The move from Disability Living Allowance to Personal Independent Plan is being monitored and numbers will grow as people switch at their review point. Delays remain the biggest problem.
- Localised Council Tax Support – again arrears are lower than expected but it is causing financial hardship for significant numbers of people, the long-term impact of which is hard to assess at this stage; The 2015/16 scheme has now been approved by full Council as at January and will remain the same as the last 2 years.
- Universal Credit – We know now that UC will be rolled out in Thurrock from March 16th 2015. This will be for new claims from single jobseekers such as people entitled to Job Seekers Allowance, and will include; Housing Costs and Tax Credits. The roll-out to all other categories of people including Couple's and families with children is continuing in a phased process in all chosen pilot arrears, but is expected to be completed by 2016/2017.
- Universal Credit has faced significant delays because of IT and other implementation problems. There are opportunities to see if we can get joined up professional Benefits, Money and Employment advice and support services between the Council and the Job Centre Plus/Dept of Works & Pensions. The start of this has been to join up Housing Assessments and DWP assessments on the ground floor of the Civic Offices. This went live at the end of January 2015

Following a three years period in which changes to the welfare system were made, significant further changes were made recently; including suggestions of ending life-term social tenancies and replacing them with fixed ones of a maximum of five years, social tenants expected to pay higher rent (near market value) and the likelihood of rolling Universal Credit quicker than originally announced and anticipated. At this stage there is no clear evaluating indicator that can be offered to appreciate the impacts of such changes are likely to have since details of such recent announcements are not published yet. Nonetheless, early indications suggests that a considerable impact on services and the local community will pursue, and the likelihood of increasing the risk.

A full review of the Council's approach and response to the Welfare Reforms is planned to address the key challenges presented by the recent and further changes to the reforms. The risk document and management action plan has been refreshed and generically addresses the welfare agenda and thus provides a robust overview of the impacts such changes will have.

CSC, Service Standards & Inspection Outcome - Risk 6

(Rating: 12 Critical/Likely)

This risk evaluates the impact of increased demand and resource pressures on children's social care quality of service and provision. The pressures outlined throughout previous years remain acute. They include increased volumes, increased complexity and ongoing activity to review high cost placements. The implementation of the early help service model and the Thurrock multi-agency safeguarding hub (MASH) has been successful although as anticipated it has led to an increase in the volume of work to children's social care, this is ongoing. The service continues to maximize the external investment and opportunities presented through the Troubled Families Programme and continuously measures impact of the MASH. Ongoing savings to be made across Children's Services including from the Children's Social care budget will be risk assessed to mitigate the impact on front line services.

The service has to be demand and needs lead and cannot fail to respond to the needs of a child due to budget or resource constraints. Changes on a local, regional and national level can have a significant impact on the demand for services. War and international factors can result in an unplanned increase in the number of unaccompanied asylum seeking children or families with no recourse to public funds. Geographical movement of families across the Eastern Region and

London can see a rise in families needing services, including large sibling groups. An incident of civil disorder could result in more young people being placed in custody and a resulting increase in remand costs to the local authority.

Caseloads are too high in some teams and this represents a pressing safeguarding concern. Areas for improvement have been identified within the recent Ofsted (SIF).

The level and complexity of some children and young people's needs and the lack of available national resources (specialist placements) to meet those needs is driving up cost pressures. As the Council continues to improve practice regarding the identification and tackling of Child Sexual Exploitation there is an increase in demand for service provision in terms of intervention; prevention and victim support. Current and new duties in terms of radicalization also place pressures on the service in terms of workforce capacity. Trends can be predicted based on previous levels of demand but these are subject to variance.

The pressures outlined above will not be alleviated in the short term and the risk rating will remain at the higher (red) level for the period covered. A target date of 31/03/17 has been applied to the risk, which is the time when the documentation will be fully reviewed, refreshed and updated.

CSC, Safeguarding & Protecting C&YP - Risk 7

(Rating: 12 Critical/Likely)

The nature of the work in terms of safeguarding and supporting children at risk of harm means that this will always be a high risk area although through the application of the S.E.T (Southend, Essex & Thurrock) Child Protection procedures the department actively works to mitigate this risk and reduce the likelihood.

The risk of children and young people coming to harm cannot be completely eliminated and the risk level needs to remain high and ensure clear vigilance across the council and partner agencies. New and emerging risk factors will arise and there is always a potential for agencies 'not knowing, what they don't know' that needs to be guarded against.

Embedding the Multi Agency Safeguarding Hub and Early Offer of Help has supported earlier identification of risk through a multi-agency approach enabling the department to work to intervene at an earlier stage and reduce the risk of harm in some cases.

The impact for individual children and families, particularly in cases of child death is significant and whilst actions to reduce the likelihood are implemented the impact will remain as critical. There is also a critical impact score in terms of reputational damage should a child death or serious injury occur.

The ongoing nature of risk in child protection and safeguarding is such that despite effective mitigation the acknowledgement of the risk needs to remain high and will not reduce. This is not to say that the risks are unmanageable but for effective management the gravity and complexity of the risk needs to be acknowledged.

Within the context of this work we have a high level and critical risk that is being proactively managed. The management of the risk across partner agencies is reducing the likelihood of such risk, where the potential for such risks are known but cannot reduce the potential magnitude for the child in incidents such as child death or permanent disability. The unknown element of risk for families not known to the service means that overall the likelihood remains high. Families are also not static and risk is a constant changing variable within known families.

Managing this risk places inherent pressures on the Children's Social Care budget as a demand led budget. The current trend has seen increasing numbers of children requiring child protection plans, children in need plans and children who the council is required to look after (children in care). Effective demand and resource management remain a priority for the service within an overriding context of keeping children safe.

The risk rating will remain as a constant throughout the period covered.

Business Continuity Planning - Risk 8

(Rating: 12 Critical/Likely)

The risk evaluates the position if business continuity plans are not coordinated and maintained, which would lead to business continuity planning arrangements across the Council becoming inconsistent, outdated and ineffective in times of a disruption affecting the authority.

Review to identify priority functions/ICT systems and to update service business continuity plans undertaken by Service Managers during 2015/16. Analysis of information undertaken and an

interim solution for ICT Disaster Recover arrangements identified and agreed March 2016. The interim solution for ICT DR when implemented along with the updated service BCPs put the Council in a fair position to deal with a significant disruption, if an event was to occur.

The risk is expected to remain at the higher level until assurance is obtained that the business continuity plans for the Council and the critical functions are adequate and effective. Oversight of Business Continuity Management provided by Performance Board from July 2016 and a quality assurance programme of the Business Continuity Plans for the critical functions commenced August 2016.

ICT Disaster Recovery Planning - Risk 11

(Rating: 12 Critical/Likely)

A proposal to install a basic DR capability to support up to 100 concurrent users at Southend has been approved by Directors Board and is currently being implemented.

In parallel the council will be reviewing its strategic infrastructure requirement, but deploying the tactical solution will ensure this exercise is driven by service requirements rather than a DR imperative.

Waste Disposal Contract Re-Procurement - Risk 23

(Rating: 12 Critical/Likely)

Waste Consulting LLP, an external Waste consulting company have been brought in to support officers in the re-procurement of the waste disposal contracts and fleet replacement.

A project team comprising of Environment Officer and colleagues from relevant departments including Legal Services, Corporate Property and Procurement have been engaged to manage the process in line with standard project management methodology.

Negotiations with the incumbent contractors are ongoing. Extensions in line with the 31/12/17 date need to be formalised. Veolia have confirmed that they are unwilling to agree to extension of the CA Site contract. A dedicated sub-group has been put in place to manage the CA site re-procurement and related risk.

Opportunity - In priority (rating) and then reference number order.

S.E. Local Enterprise Partnership - Opportunity 18

(Rating: 12 Exceptional/Likely)

The Council successfully secured around £92.5m through round one of the Local Growth Fund in support of the A13 widening, Stanford-le-Hope/London Gateway access improvements, cycling initiatives and sustainable travel. Further funds have been secured for Purfleet (£5m) in round two.

Following the opening of LGF 3 earlier in the year, the Council has developed and submitted a compelling case for £10.8m in LGF funds to support the delivery of the underpass in Grays. The outcome is expected to be announced as part of the Autumn Statement.

3.4 For members information the Criteria Guide for Impact and Likelihood levels are included under Appendix 3 to show the guidelines used to rate and prioritise the items.

3.5 The whole register has been filed on Objective under the following shared file:

Thurrock Corporate File Plan\Risk management & insurance\Risk management\Risk & Opportunity Management Systems\Risk & Opportunity Management Share Across Services File\Strategic/Corporate Risk & Opportunity Register.

4. Reasons for Recommendation

4.1 One of the functions of the Standards and Audit Committee under the Terms of Reference of the Constitution is to provide independent assurance that the Authority's risk management arrangements are adequate and effective

4.2 To enable the Standards and Audit Committee to consider the effectiveness of the Council's risk and opportunity management arrangements the report is presented on a bi annual basis and provides details of how the key risks and opportunities facing the Authority are identified and managed.

5. Consultation (including Overview and Scrutiny, if applicable)

5.1 The Corporate Risk Officer has engaged with Services, Department Management Teams, Performance Board and Directors Board to review the Strategic/Corporate Risk and Opportunity Register.

5.2 The updated Strategic/Corporate Risk and Opportunity Register was presented to Directors Board 25th October 2016, via Performance Board 3rd October 2016.

6. Impact on corporate policies, priorities, performance and community impact

6.1 ROM is recognised as a good management practice and how successful the Council is in managing the risks and opportunities it faces will have a major impact on the achievement of the Council's priorities and objectives.

7. Implications

7.1 Financial

Implications verified by: Laura Last
Senior Finance Officer.

Effective risk and opportunity management and the processes underpinning it will provide a more robust means to identify, manage and reduce the likelihood of financial claims and/or loss faced by the Council.

7.2 Legal

Implications verified by: David Lawson
Deputy Head of Law & Governance

Effective risk and opportunity management and the processes underpinning it will provide a more robust means to identify, manage and reduce the likelihood of legal claims or regulatory challenges against the Council

7.3 Diversity and Equality

Implications verified by: Rebecca Price
Community Development Officer

The management of risk and opportunities provides an effective mechanism for monitoring key equality and human right risks associated with a range of service and business activities undertaken by the Council. It also provides a method for reducing the likelihood of breaching our statutory equality duties.

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

Risk and opportunity management contributes towards the Council meeting the requirements of Corporate Governance and the Account & Audit Regulations.

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Strategic/Corporate Risk and Opportunity Register - Mid Year Review. The document can be accessed via the following shared file on Objective:

Thurrock Corporate File Plan\Risk management & insurance\Risk management\Risk & Opportunity Management Systems\Risk & Opportunity Management Share Across Services File\Strategic/Corporate Risk & Opportunity Register.

9. Appendices to the report

- Appendix 1 - Dashboard
- Appendix 2 - In Focus report
- Appendix 3 - Criteria Guide for Impact and Likelihood

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