

<b>6 July 2017</b>		<b>ITEM: 6</b>
<b>Standards and Audit Committee</b>		
<b>Refresh of the Strategic/Corporate Risk and Opportunity Register</b>		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Non key	
<b>Report of:</b> Andy Owen, Interim Insurance & Risk Manager		
<b>Accountable Head of Service:</b> N/A		
<b>Accountable Director:</b> Sean Clark, Director of Finance and IT		
<b>This report is public</b>		

### **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 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.

The Interim Insurance & Risk Manager has engaged with Services, Department Management Teams, Performance Board and Directors Board during March to May to refresh 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 In accordance with the ROM Policy Strategy and Framework regular reviews of the Strategic/Corporate Risk and Opportunity register were undertaken during 2016/17 and reported to Directors Board and Standards & Audit Committee.
- 2.4 The annual review of the Council's ROM arrangements was undertaken in the last quarter of 2016/17. As part of the review the ROM Policy, Strategy and Framework were updated and reported to Standards and Audit Committee 28<sup>th</sup> February 2016, via Directors Board 24<sup>th</sup> January 2017 and Performance Board 4<sup>th</sup> January 2017.
- 2.5 The refresh of the Strategic/Corporate Risk and Opportunity Register is the first exercise under the updated ROM Framework. The Interim Insurance and Risk Manager has engaged with Services, Department Management Teams and Performance Board during March to May to refresh the Strategic/Corporate Risk and Opportunity Register.
- 2.6 The review has resulted in some changes to the register. 20 items have been refreshed, 2 new items added and 1 item removed.

## **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 refreshed and new items are included in the dashboard table. The dashboard provides a summary of the items in the register mapped against the Council's priorities, shows the developments to date and the management time frames.
- 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 order.

**Adult Social Care, Cost & Quality Standards - Risk 1** (Rating: 12 Critical/Likely)

Thurrock Council has received additional funding for Adult Social Care. Associated conditions for how the funding is used include helping to deliver sustainability for care providers. Whilst this will undoubtedly help to control the risk, it will not mitigate it and therefore the residual and forecast ratings have been evaluated as 12 (Critical/Likely).

**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 – although the department has received additional funding for Adult Social Care from 2017/18 which it needs to use to help provide stability and capacity, including within the ASC transformation programme. The pressures identified remain and will not be alleviated in the short term and therefore the residual and forecast ratings have been evaluated as 12 (Critical/Likely).

**Business Continuity Planning - Risk 4** (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.

Oversight of Business Continuity Management is now being provided by Performance Board and an auditing/quality assurance programme of the Business Continuity Plans for the critical functions is a standing item on the Board agenda each quarter. List of current BCPs & critical functions is being updated and will form the basis of ongoing review process by Performance Board and service areas.

**ICT Disaster Recovery Planning - Risk 10** (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.

**Delivery of MTFs 2018/19 - 2020/21 - Risk 12** (Rating: 12 Critical/Likely)

MTFS established. Balanced budget for 2017/18 set and forecast for the financial years 2018/19 through to 2020/21 reported to Cabinet and Council February 2017. Transformation and Service Review Programmes established to help address the budget position and support the council in achieving financial self-sustainability. Budget monitoring and reporting established and to continue throughout 2017/18.

**CSC, Service Standards & Inspection Outcome - Risk19** (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 led 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.

Risk and action plan documentation refreshed. 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 forecast date of 31/03/18 has been applied to the risk, which is the time when the risk will be fully refreshed and updated.

### **CSC, Safeguarding & Protecting C&YP - Risk 20**

(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.

Risk and action plan documentation refreshed and evaluated that the risk will remain constant throughout the period covered.

### **Sickness Absence - Risk 14**

(Rating: 12 Substantial/Very Likely)

Sickness remains a concern with outturn for 2016/17 higher than previous year. Service level management of issues has improved significantly however and individual cases are dealt with on a case by case basis. HR Advisors continue to support managers with their sickness absence reviews and there is a big push regarding compliance with Return to Work interviews, for which People Board is providing governance. The reduction of sickness is now linked the Council Spending Review with a target to reduce the cost of agency and overtime paid to cover for absent colleagues.

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

**S. E. Local Enterprise Partnership - Opportunity 7**

(Rating: 12 Exceptional/Likely)

The Council has secured £108.3m of Local Growth Funding to support delivery of key infrastructure and regeneration projects. Projects receiving support include:

- A13 widening.
- Stanford-le-Hope/London Gateway access improvements.
- Cycling initiatives and sustainable travel.
- Purfleet regeneration project.
- Grays South regeneration project.

The Government has now indicated that there will be no further rounds of LGF funding and through its consultation on the Industrial Strategy Green Paper has tested various ideas for future funding, for example an Industrial Strategy Challenge Fund.

In addition to the LGF funding the Council has also secured significant resource through ERDF and ESF to support delivery of corporate priorities. The Council is a delivery partner in over £35m of business support and employability programmes and is also leading and supporting further bids. The opportunity provided by EU funding is time limited with Brexit negotiations looming. It is also limited by the requirement to provide 50% match funding.

The Council has enjoyed considerable success in pursuing this opportunity; however, in light of comments above the time may be right to recast this opportunity in the context of a changing national and EU policy landscape?

Without doubt we should continue to work with, and have an active role in, SELEP as future funding opportunities are very likely to be routed through it. Equally we should continue to develop a pipeline of projects supported by robust business cases so that when an opportunity does present itself we are in a position to be able to respond.

Clarity on future funding opportunities is likely when the Industrial Strategy Green Paper evolves into a white paper. Although this process is now likely to be delayed by the General election we should continue to be actively engaged in the dialogue around the Strategy and seek to lobby and influence where possible.

Provisional forecast rating of 12 (Exceptional/Likely) and forecast date 31/03/2018 applied and opportunity/action plan documentation (including forecast date and rating) to be refreshed when clarity on future funding opportunities and changing national/EU policy landscape available.

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 One item has been removed from the register as a result of the refresh. The item along with the rationale for its removal are summarised in the following table:

**Risk - In alphabetical order**

**Waste Disposal Contract Re-procurement**

At Cabinet March 2017 the decision was taken not to alter waste collection frequencies or streams collected which removed much of the risk associated with a major service change. Cabinet approved re-procurement of the contract with an as-is specification meaning that the contract timeline is on track. Legal services agreed to external gap analysis of the contract documentation and Thurrock Terms & Conditions April 2017. This will identify any risks inherent in the contract structure and documentation. As a result the Waste Disposal Contract Re-procurement risk has reduced and removed from the Strategic/Corporate Risk and Opportunity Register.

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

#### **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 Interim Insurance & Risk Manager has engaged with Services, Department Management Teams, Performance Board and Directors Board to refresh the Strategic Corporate Risk and Opportunity Register.
- 5.2 The refreshed Strategic/Corporate Risk and Opportunity Register was presented to Directors Board 22<sup>nd</sup> May 2016, via Performance Board 2<sup>nd</sup> May 2017.

#### **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**  
**Management Accountant**

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: **Natalie Warren**  
**Community Development & Equalities Manager**

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, April 2017. 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

### **Report Author:**

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