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| <b>19 December 2019</b>   |  | <b>ITEM: 6</b>                  |
| <b>Standards &amp; Audit Committee</b>  |  |                                 |
| <b>Mid-Year Review of the Strategic/Corporate Risk and Opportunity Register</b>       |  |                                 |
| <b>Wards and communities affected:</b><br>All   |  | <b>Key Decision:</b><br>Non key |
| <b>Report of:</b> Andy Owen, Corporate Risk and Insurance Manager                     |  |                                 |
| <b>Accountable Assistant Director:</b> Jonathan Wilson, Assistant Director of Finance |  |                                 |
| <b>Accountable Director:</b> Sean Clark, Director of Finance and IT                   |  |                                 |
| <b>This report is</b> 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 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 Corporate Risk and Insurance Manager has engaged with Services, Department Management Teams, Performance Board and Directors Board during October and November to review 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 highlights the higher priority items identified by the review.**

## **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 2018/19 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 2018/19. As part of the review the ROM Policy, Strategy and Framework were updated and reported to Standards and Audit Committee 14 March 2019, via Directors Board 26 February 2019 and Performance Board 12 February 2019.
- 2.5 The Strategic/Corporate Risk and Opportunity Register was refreshed in April 2019 and the details reported to Standards & Audit Committee 18<sup>th</sup> July 2019, via Directors Board 2<sup>nd</sup> July 2019 and Performance Board 18<sup>th</sup> June 2019.
- 2.6 For the Mid-Year Review the Corporate Risk and Insurance Manager has engaged with Services, Department Management Teams, Performance Board and Directors Board during October and November 2019 to update the Strategic/Corporate Risk and Opportunity Register.
- 2.7 The review has resulted in some changes to the register and the main points are outlined below:
  - Following completion of the management actions for the ICT Disaster Recovery item (Risk 17) the residual risk has been rated in the lower band and is in line with the forecast rating. The item is to be removed from the register and ongoing monitoring of the position will be undertaken at department level by the ICT service.
  - One new item for the Waste Strategy for Thurrock (Risk 27) has been identified by the exercise and the details are included in the In Focus report (see 3.3 and Appendix 2).

## **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 items in the register mapped against the council's priorities, shows the significance of the risks and opportunities, along with the developments to date and the management time frames.

### 3.3 Appendix 2 – Risks and Opportunities In Focus report

This document highlights the higher priority items identified by the review.

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 Stability and Market Failure - Risk 6**

(Rating: 12 Critical/Likely)

Adult Social Care has received additional funding in recent years – through a precept as part of the Council Tax and also through the Improved Better Care Fund. A significant proportion of this money has been used to stabilise the market place and deliver sustainability for care providers. This has included increasing the capacity of the contract and brokerage team to ensure contract compliance visits and monitoring to take place in a timely manner – reducing or aiding early identification of risks. The introduction of a Brokerage function has also meant that more realistic costs and fees are negotiated. In addition uplifts have been provided (as described in the risk description) to improve stability and domiciliary care has been retendered. Through the Better Care Fund, we have also been able to enhance capacity through investment in a Bridging Service and through enhancing existing services to ensure that people can come out of hospital when medically fit to do so – even when they are unable to return home. This has helped to reduce Delayed Transfers of Care and Waiting Lists.

Work is progressing to overcome current challenges. This includes developing a new model of care for domiciliary care. At the beginning of 2018, the new domiciliary care contract started with providers now well established within the Borough. Work has also taken place on alternative approaches to traditional domiciliary care, with two Wellbeing Teams developed and one already launched. Wellbeing Teams will enable us to identify the model required and will focus on enhancing Wellbeing and not just on meeting needs. It will also look at how to encourage people in to the care industry and to professionalise a caring role. In addition, Thurrock is allocated additional funding for the Winter Period which is traditionally a very difficult time for the health and care system. This means that our local system is functioning as well as possible. Despite the work taking place, current pressures are placing an increased strain on this year's financial outturn which unlike previous years may not deliver within budget.

Further work will continue during 19-20 that will contribute towards the stability and sustainability of the market place – including diversification. Despite this, the risk of market failure remains high.

#### **CSC, Service Standards & Inspection Outcome - Risk 7**

(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. The service continues to maximize the external investment and opportunities presented through the Troubled Families Programme and continuously measures impact of the MASH.

The service is 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. Areas for improvement have been identified in the Ofsted (SIF) 2016 and the focused visit in 2018

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.

### **CSC, Safeguarding & Protecting Children & YP - Risk 8** (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 Southend, Essex & Thurrock (SET) 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 development and implementation of the Thurrock Local Safeguarding Children Partnership arrangements will further improve the inter-agency arrangements to safeguard and promote the welfare of children and young people living in Thurrock.

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.

Managing this risk places inherent pressures on the Children's Social Care budget as a demand led budget. Effective demand and resource management remain a priority for the service within an overriding context of keeping children safe.

Risk will remain constant throughout the period covered.

### **Property Ownership Liability - Risk 12** (Rating: 12 Critical/Likely)

There has been a long standing lack of clarity over the roles and responsibilities regarding building compliance between the different departments, particularly where the building involves activities crossing more than one discipline within the council. In April 2016, Directors Board approved a proposal to move to a Corporate Landlord model whereby the Corporate Property Team will take on direct management responsibility for all operational properties (excluding HRA properties and parks, etc).

The review of the property service by East of England Local Government Association (EELGA) highlighted an action to review the compliance of Council buildings & remains a key area of focus for the Corporate Property Team.

The council properties (except for HRA and parks) have moved to a new corporate function for repair, maintenance planning and the budgets transferred. The handing over of buildings to Corporate Property has highlighted some inconsistencies with the management of buildings and there are cases of no formal documentation on compliance, utilities, occupational data and operational costs. Records regarding the cut off of utilities are poor particularly in properties that are vacant and liable to unauthorised trespass.

The council are undertaking condition and compliance surveys on 16 corporate landlord buildings. Condition and compliance surveys are also being undertaken on void properties, village halls and properties where a public facing and vulnerable user group are present ensuring that the buildings are surveyed in a priority order against a perceived risk to users. Initial findings are of a concern

however and remedial works are planned to address. Training has been undertaken by members of the team on compliance liability to ascertain risk areas and make informed decisions.

The delays experienced in implementing property procedure rules, asset management strategy, restructure and asset management database has hindered progress to manage the risk. Risk rating remains as 12.

### **Fraud - Risk 20**

(Rating: 12 Critical/Likely)

The Counter Fraud & Investigation service has an organisational-wide strategy and proactive work plan to monitor and manage the identified risks. A persistent training and education regime is in place, where experts from the service work with staff, contractors, Members and in the council's supply chain to identify and mitigate the risks, and increase awareness.

The council has current and effective policies on Counter Fraud, Bribery & Corruption and Money Laundering which are kept under constant review. These policies acknowledge the threats and install an action plan in identified incidents including, civil & criminal litigation and redress to recover any identified losses. Any control weaknesses identified in investigations are rectified in collaboration with the affected services and Internal Audit through SMART Action Plans.

### **Business Continuity Planning - Risk 24**

(Rating: 12 Critical/Likely)

The risk evaluates the position if business continuity plans are not coordinated and maintained, which would lead to service delivery arrangements across the council being ineffective in times of a disruption affecting the council and Thurrock e.g. loss of ICT, loss of use of the Civic Offices.

Oversight of Business Continuity Management is now being provided by Performance Board. The list of current Business Continuity Plans (BCPs) and critical functions has been updated and will form the basis of ongoing review process by Performance Board and service areas. BCPs are the responsibility of individual service areas.

The Strategic Business Continuity Plan has now been updated and links as appropriate have been made with the emergency planning team. However, Performance Board are continuing their work with services to confirm all areas have up to date BCPs so until that work has concluded, the risk rating will remain the same. Work is also ongoing to update the BCP template and to rollout to DMTs and managers.

### **Waste Strategy for Thurrock - Risk 27**

(Rating: 12 Critical/Likely)

Cleaner, Greener and Safer Overview and Scrutiny Committee agreed July 2019 to form a cross-party working group (CPWG) to review the waste management arrangements. The recently formed CPWG have met on several occasions and have determined the need for a Public Consultation exercise to better gauge public opinion on a number of influential elements being considered for inclusion within the draft strategy being prepared for July 2020. A briefing-paper presented to Directors Board for consideration and support of a Consultation exercise, was approved in October 2019. Officers have provided information including collection methodologies & regimes, information & educational options and treatment & disposal technologies for consideration by the CPWG. The CPWG approved a final draft of the Consultation structure and wording with a view to launching during January to allow analysis of the results for consideration of inclusion within the draft strategy due in July 2020.

A forecast date of 31/07/2020 and forecast rating of 12 has been applied for the risk. The rationale for the evaluation is that the actions to develop and present the draft Waste Strategy are planned to be completed by the end of July 2020 but there is a balance of risk relating to the work that will be undertaken to establish a proposed new site for the depot. The position is scheduled to be reconsidered in the Quarter 1 risk review (scheduled for Apr 2020) and the risk/action plan refreshed accordingly.

### **Delivery of Capital Projects - Risk 15**

(Rating: 12 Substantial/Very Likely)

The Thurrock growth programme crosses many disciplines within the Council. It requires significant programme management capacity from the Regeneration team to lead the programme alongside a joined up approach with other areas of the authority to ensure that relevant specialisms are brought in as required and programmes and strategies are complementary. Investment needs to be committed to project development stages before outputs and benefits are realised, significant levels of funding are committed at risk to prove feasibility and investment then needs to continue to secure the benefits from the initial funding. External funding is committed to numerous projects, whilst this reduces the financial burden to the Council, compliance with funding agreements must be achieved to ensure the Council is not exposed financially via claw

back mechanisms. Projects span numerous financial years and have to be able to respond to changing market, policy and financial conditions. Strong project and programme managers are essential to ensuring that delivery stays on track and investment secures value for money outputs. Increasing resource capacity in the team via Matrix has provided some additional support and approval has been received to secure 1 additional FTE. The project portfolio could benefit from significant external funding in 2020/21 which will put additional pressure on the existing staff resource as more projects are developed. Momentum needs to be maintained in the ongoing restructure to improve working cultures and secure additional resource.

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

**Treasury Management/Investment Strategy - Opportunity 19a** (Rating: 12 Exceptional/Likely)  
Investments identified as having the greater ability to make significant income with the minimum of impact on service provision. Treasury Management and Investment Strategy established. Review undertaken and position reported to Council Feb 2019. Ongoing development, review, monitoring and reporting of investment programme (e.g. Cabinet Member report for Finance to Council Jul 2019 and Revenue budget monitoring report to Cabinet Sept 2019).

- 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 shared file for Risk and Opportunity Management.
- 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 and Insurance Manager 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 3<sup>rd</sup> December 2019, via Performance Board representatives 12<sup>th</sup> November 2019.
- 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: **Dammy Adewole**  
**Senior 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: **Courage Emovon**  
**Acting Strategic Lead / Deputy Head of Legal Services / Deputy Monitoring Officer**

Legal Services will provide advice as and when required and any implications. Effective risk and opportunity management and the processes underpinning it allows a more robust means to identify, manage, reduce and mitigate the likelihood of legal claims or regulatory challenges against the council.

## 7.3 Diversity and Equality

Implications verified by: **Becky Price**  
**Team Manager, Community Development & Equalities**

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, October 2019. The document can be accessed via the following shared Risk and Opportunity Management file on Objective: <https://edrms.thurrock.gov.uk:443/id:fA1213633>

## 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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