

Phil Norrey  
Chief Executive

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To: The Chairman and Members of  
the Corporate Services  
Scrutiny Committee

County Hall  
Topsham Road  
Exeter  
Devon  
EX2 4QD

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(See below)

Your ref :  
Our ref :

Date : 15 March 2017  
Please ask for : Karen Strahan on 01392 382264

Email: karen.strahan@devon.gov.uk

## **CORPORATE SERVICES SCRUTINY COMMITTEE**

Thursday, 23rd March, 2017

A meeting of the Corporate Services Scrutiny Committee is to be held on the above date at 2.00 pm in the Committee Suite - County Hall to consider the following matters.

P NORREY  
Chief Executive

## **A G E N D A**

### **PART ONE - OPEN COMMITTEE**

- 1 Apologies
- 2 Minutes  
Minutes of the meeting held on 24 January 2017, previously circulated.
- 3 Items Requiring Urgent Attention  
Items which in the opinion of the Chairman should be considered at the meeting as matters of urgency.
- 4 Public Participation  
Members of the public may make representations/presentations on any substantive matter listed in the published agenda for this meeting, as set out hereunder, relating to a specific matter or an examination of services or facilities provided or to be provided.

## **MATTERS FOR CONSIDERATION OR REVIEW**

5 Internal Audit Plan 2017/2018 (Pages 1 - 14)  
Report of the Head of the Devon Audit Partnership (CT/17/26), on the Internal Audit plan for 2017/2018, attached.

6 Risk Management (Pages 15 - 30)  
Report of the County Treasurer (CT/17/24), attached, on the Risk Register.

Members have previously been asked to identify future topics and / or subjects for the work programme and the following issues have been identified for discussion at the meeting.

- Appointment and Hiring of Consultants – Head of Organisational Development to respond.
- Failure to deliver priority services as a result of significantly reduced finances - Chief Accountant (Corporate Services) to respond.

7 Scrutiny in a Commissioning Council Task Group update (Pages 31 - 34)  
Report of the County Solicitor (CS/17/15), attached, providing an update on the actions, recommendations and implementation of the Commissioning Scrutiny Task Group Report.

8 State pension 'triple lock'  
A presentation will be given on the available data on the economic impacts of the state pension triple lock.

9 Scrutiny Work Programme (Pages 35 - 36)  
Scrutiny Officer to report.

In accordance with the previous practice, Scrutiny Committees are requested to review the list of forthcoming business (previously circulated) and determine which items are to be included in the Work Programme. The Work Programme is also available on the Council's website at <https://new.devon.gov.uk/democracy/committee-meetings/scrutiny-committees/scrutiny-work-programme/>

Members of the Committee may also wish to consider topics for future Member Development sessions.

The Committee may also wish to review the content of Cabinet Forward Plan (available at <http://democracy.devon.gov.uk/mgListPlans.aspx?RPId=133&RD=0> to see if there any specific items therein the Committee might wish to explore further.

## **MATTERS FOR INFORMATION**

10 Briefing Papers, Updates & Matters for Information  
Members are asked to advise the Scrutiny Officer if they wish to raise any matter or ask any question in relation to this item in order that arrangements may be made for appropriate Heads of Service or their representatives to be available.

However, there had been no information previously circulated.

## **PART II - ITEMS WHICH MAY BE TAKEN IN THE ABSENCE OF THE PUBLIC AND PRESS**

Nil

*Members are reminded that Part II Reports contain confidential information and should therefore be treated accordingly. They should not be disclosed or passed on to any other person(s). Members are also reminded of the need to dispose of such reports carefully and are therefore invited to return them to the Democratic Services Officer at the conclusion of the meeting for disposal.*

<b>Membership</b>
Councillors J Brazil (Chairman), K Ball, J Berry, A Boyd, P Colthorpe (Vice-Chair), M Edmunds, G Gribble, R Hosking, R Julian, J Knight, J Owen, R Rowe, R Westlake, R Younger-Ross and J Yabsley
<b>Declaration of Interests</b>
Members are reminded that they must declare any interest they may have in any item to be considered at this meeting, prior to any discussion taking place on that item.
<b>Access to Information</b>
Any person wishing to inspect any minutes, reports or lists of background papers relating to any item on this agenda should contact Karen Strahan on 01392 382264 Agenda and minutes of the Committee are published on the Council's Website and can also be accessed via the Modern.Gov app, available from the usual stores.
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The proceedings of this meeting may be recorded for broadcasting live on the internet via the 'Democracy Centre' on the County Council's website. The whole of the meeting may be broadcast apart from any confidential items which may need to be considered in the absence of the press and public. For more information go to: <a href="http://www.devoncc.public-tv/core/">http://www.devoncc.public-tv/core/</a>  In addition, anyone wishing to film part or all of the proceedings may do so unless the press and public are excluded for that part of the meeting or there is good reason not to do so, as directed by the Chairman. Any filming must be done as unobtrusively as possible from a single fixed position without the use of any additional lighting; focusing only on those actively participating in the meeting and having regard also to the wishes of any member of the public present who may not wish to be filmed. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chairman or the Democratic Services Officer in attendance so that all those present may be made aware that is happening.  Members of the public may also use Facebook and Twitter or other forms of social media to report on proceedings at this meeting. An open, publicly available Wi-Fi network (i.e. DCC) is normally available for meetings held in the Committee Suite at County Hall. For information on Wi-Fi availability at other locations, please contact the Officer identified above.
<b>Public Participation</b>
Devon's residents may attend and speak at any meeting of a County Council Scrutiny Committee when it is reviewing any specific matter or examining the provision of services or facilities as listed on the agenda for that meeting.  Scrutiny Committees set aside 15 minutes at the beginning of each meeting to allow anyone who has registered to speak on any such item. Speakers are normally allowed 3 minutes each.  Anyone wishing to speak is requested to register in writing with Karen Strahan ( <a href="mailto:karen.strahan@devon.gov.uk">karen.strahan@devon.gov.uk</a> ) by 0900 hours on the day before the meeting indicating which item they wish to speak on and giving a brief outline of the issues/points they wish to make.  Alternatively, any Member of the public may at any time submit their views on any matter to be considered by a Scrutiny Committee at a meeting or included in its work Programme direct to the Chairman or Members of that Committee or via the Democratic Services & Scrutiny Secretariat ( <a href="mailto:committee@devon.gov.uk">committee@devon.gov.uk</a> ). Members of the public may also suggest topics (see: <a href="https://new.devon.gov.uk/democracy/committee-meetings/scrutiny-committees/scrutiny-work-programme/">https://new.devon.gov.uk/democracy/committee-meetings/scrutiny-committees/scrutiny-work-programme/</a> )  All Scrutiny Committee agenda are published at least seven days before the meeting on the Council's website.
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In the event of the fire alarm sounding leave the building immediately by the nearest available exit, following the fire exit signs. If doors fail to unlock press the Green break glass next to the door. Do not stop to collect personal belongings, do not use the lifts, do not re-enter the building until told to do so.
<b>Mobile Phones</b>
Please switch off all mobile phones before entering the Committee Room or Council Chamber

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Induction loop system available

# Agenda Item 5

CT/17/26  
Corporate Services Scrutiny Committee  
23<sup>rd</sup> March 2017

## Internal Audit Outline Audit Plan 2017/18 Report of the County Treasurer

Please note that the following recommendations are subject to confirmation by the Committee before taking effect.

The attached report provides an indicative internal audit plan for the coming financial year (2017/18)

**Recommendation:** members of the committee are requested to consider:

- the outline audit plan;
- provide input which will assist the detailed internal audit planning needs;
- highlight audits they may wish to receive summary reports from;
- if they wish to receive any in year progress report(s).

Mary Davis

Electoral Divisions: All  
Local Government Act 1972

### List of Background Papers

Contact for Enquiries: Robert Hutchins  
Tel No: (01392) 382437 Larkbeare House

<u>Background Paper</u>	<u>Date</u>	<u>File Ref</u>
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Nil

There are no equality issues associated with this report





devon **audit** partnership

Internal Audit

# Corporate Services Internal Audit Plan 2017/18

Devon County Council  
Corporate Services Scrutiny  
Committee

March 2017

Not Protectively Marked

Robert Hutchins  
Head of Audit Partnership

CUSTOMER  
SERVICE  
EXCELLENCE



Auditing for achievement

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<p><b>Devon Audit Partnership</b></p> <p>The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay and Devon councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.</p> <p>The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at <a href="mailto:robert.hutchins@devonaudit.gov.uk">robert.hutchins@devonaudit.gov.uk</a> .</p>	<p><b>Confidentiality and Disclosure Clause</b></p> <p>This report is protectively marked in accordance with the government security classifications. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.</p> <p>This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.</p>
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## Introduction

This report details the draft Corporate Services audit plan for 2017/18.

The key objectives of Devon Audit Partnership (DAP) are to provide assurance to senior management and Audit Committee on the adequacy, security and effectiveness of the systems and controls operating within the authority. The audit plan will additionally provide assurance to managers and staff.

Audit have met with management to discuss risks and how audit resources can be used most effectively to provide the necessary assurance against these risks. The draft plan attached forms part of a larger audit plan covering all areas of the authority which will be presented to the Audit Committee on 28<sup>th</sup> March 2017. Responsibility for review, direction and approval of the internal audit plan lies with the Audit Committee. However, we can see value can be added through working with and supporting Scrutiny in the provision of assurance to the authority. The draft plan is provided for consideration and for input into areas that Scrutiny consider useful to internal audit to consider in the planning process.

The audit plan represents the proposed internal audit activity for the year and an outline scope of coverage. At the start of each audit the scope is discussed and agreed with management with the view to providing management, the County Treasurer (Section 151) and members with assurance on the control framework to manage the risks identified. The plan will remain flexible and any changes will be agreed formally with management and reported to Audit Committee.

### **Expectations of Corporate Services Scrutiny Committee from this report**

The members of the committee are requested to consider:

- the draft audit plan and proposed areas of internal audit coverage in 2017/18;
- highlight audits they may wish to receive summary reports from;
- if they wish to receive any in year progress report(s).

**Robert Hutchins**  
**Head of Audit Partnership**

## High Level Audit Plan 2017/18

This table shows a summary of planned audit coverage for the year. It should be borne in mind that, in accordance with the Public Sector Internal Audit Standards, the plan needs to be flexible to be able to reflect and respond to the changing risks and priorities of the Authority and, to this end, it will be regularly reviewed with directorates, and updated as necessary, to ensure it remains valid and appropriate. As a minimum, the plan will be reviewed in six months to ensure it continues to reflect the key risks and priorities of the Council given the significant changes across the public sector.

Detailed terms of reference will be drawn up and agreed with management prior to the start of each assignment - in this way we can ensure that the key risks to the operation or function are considered during our review. The following pages give a brief overview of the focus of proposed audit coverage for the year.

A detailed analysis of proposed audit reviews is provided in the following schedule.

Core Activity for Internal Audit Review (Extract for Corporate Services Scrutiny)	Coverage in Days
Material Systems	110
Corporate Services - (Excluding Anti-Fraud & NFI)	193
Digital Transformation and Business Support	102
Grant Certification	44
Anti-Fraud and Corruption including NFI	100
<b>Total for Corporate Services</b>	<b>549</b>
<b>Total for DCC</b>	<b>1060</b>

## Proposed audit reviews and associated risks

SRR / ORR – Local Authority Strategic or Operational Risk Register reference

ANA - Audit Needs Assessment risk level

Risk Area / Audit Entity	Risk / Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Audit Work / Scope	Proposed Timings (Quarter)	Estimated Audit Effort (Days)
<b>Material Systems</b>				
<b>Core Assurance - Key Financial System *</b>				
Payroll	ANA - High	* A rolling programme of audits is adopted for material systems whereby although the planned days are likely to remain stable each year, the work programmes may differ, with each audit having varying amounts of system review, testing or a combination of the two. This approach enables us to deliver a more cost-effective service, whilst providing sufficient assurance as to the adequacy of the Authority's material system control environment.	Sample testing	19
Debtors / Debt Recovery	ANA - Medium		Walkthrough / sample testing	15
Bank Reconciliation	ANA - Medium		Sample testing	8
Fixed Asset Register	ANA - Low		Walkthrough	9
Suppliers	ANA - Medium		Sample testing	15
Fixed Asset Register	ANA - Low		Sample testing	7
Income Collection	ANA - Medium		Walkthrough / sample testing	12
Treasury Management	ANA - Low		Sample testing	8
Main Accounting System	ANA - Medium		Walkthrough / sample testing	12
Advice, planning, monitoring and performance reporting			Q1-4	5
<b>Corporate</b>				
Finance - New Payments Gateway	ANA - Low; client request	Input including in relation to control considerations as the project progresses from the procurement to the development through to implementation stages.	Q1-4	15

Risk Area / Audit Entity	Risk / Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Audit Work / Scope	Proposed Timings (Quarter)	Estimated Audit Effort (Days)
Finance - Construction Industry Scheme	ANA - Low; client request	Review operation of the scheme, included at the request of the VAT team. More detailed scope to be determined nearer the time.	Q1 or 2	10
Finance - Tax Compliance Forum	ANA - Medium; client request	Input to Forum and contingency to allow for projects that arise from meetings. Agreed as a result of HMRC visit October 2014 and changes to their auditing of tax.	Q1-4	5
Finance - Usage of new Budget Monitoring System	ANA - Medium; client request	Review of usage of new Collaborative Planning system. More detailed scope to be determined nearer the time.	Q1 or 2	10
Finance - Accounting for VAT (People)	ANA - Medium; client request	Review partnership working processes and practices, in regard to financial arrangements for accounting for VAT, in respect of partnerships within the People service area (further to a 2016-17 audit which was largely focused on Place service area partnerships). Audit included at the request of the DCC Tax Compliance Group.	Q2	15
HR - Mini temp banks operating outside of HR	ANA - Medium; client request	Review on whether services outside of HR One who run their own 'temp banks' are complying with corporate requirements and relevant legislation. More detailed scope to be determined nearer the time.	Q1 or 2	10
HR - Off Payroll working	ORR ANA - Low; client request	Application of regulations /guidance relating to off-payroll workers which it is understood is due to come into effect in April 2017. Including tax implications thereof.	Q3 or 4	10
HR - New recruitment process	ANA - Low; client request	Review of the new 'systems thinking' recruitment process once embedded. This audit is requested to test/provide assurance in relation to new processes implemented.	Q2 or 3	10
HR - New electronic leaver process	ANA - Low; client request	Review of the new electronic leaver process once embedded. This audit is requested to test/provide assurance in relation to new processes implemented.	Q2 or 3	10
HR - Redundancy / exit cap changes	ANA - Low; client request	Review application of government framework relating to exit cap changes and 'clawback' of redundancy compensation where applicable. Including tax implications thereof.	Q3 or 4	10

Risk Area / Audit Entity	Risk / Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Audit Work / Scope	Proposed Timings (Quarter)	Estimated Audit Effort (Days)
HR - Consultants / Interims and employment status	ORR ANA - Medium; client request	Further to the 2016-17 audit follow-up. A more detailed scope to be determined nearer the time.	Q2	10
HR - New HRMS	ORR ANA - High; client request	Input including in relation to control considerations as the project progresses from the procurement to the development through to implementation stages.	Q1-4	20
HR - DBS Update Service	ORR ANA - Medium; client request	Review application of the Disclosure and Barring Service (DBS) process, taking account the changes for people who have signed up to the update service.	Q3	10
Payroll - Teachers Pension Return	ANA - Medium; client request	Support Payroll team in preparation for certification by GT.	Q3 or 4	5
Payroll - Apprenticeship Levy	ANA - Low; client request	Application of regulations and guidance relating to payment of an apprenticeship levy, which it is understood is due to come into effect in April 2017 where applicable. Including tax implications thereof.	Q4	10
Payroll - Online Adjustments (Earlier Year Updates)	ANA - Medium; client request	Review of the new 'streamlined' process relating to on-line Payroll adjustments which incorporates a check of Earlier Year Updates (EYU) data balances.	Q3 or 4	10
Ethics & Culture	ANA - Medium	Scope to be determined.	Q1	10
Advice, planning, monitoring and performance reporting			Q1-4	13
<b>Digital Transformation and Business Support</b>				
Service Strategy	ANA - High	To continue to monitor progress against the 2014/15 ICT Strategy Report, superseding where appropriate. To measure progress or fit with the evolving strategy and service delivery model.	Q3-4	8
Service Transition (Change Management)	ANA - Medium	To review transition processes and activities that are not as mature as the now embedded Change Management process.	Q2-3	10

Risk Area / Audit Entity	Risk / Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Audit Work / Scope	Proposed Timings (Quarter)	Estimated Audit Effort (Days)
Service Operation - Processes (Incident & Problem)	ANA - High	Use of IDEA to interrogate incident records for patterns and potentially missed ‘problems’.	Q1	7
Service Operation - Function	ANA - High	To review operational functions processes that are common to all key financial systems.	Q3-4	12
Cyber Security	ANA - Critical	Programme based on Government Cyber essentials Scheme. Potential to conduct subsequent reviews based on the ‘Ten Steps’ to include wider and non-technical aspects of cyber security.	Q3-4	8
CareFirst / Eclipse - Social Care Business Systems	ANA - Critical; client request	To provide assurance that changing social care business systems are secure and fulfil business requirements. Themes / considerations - CareFirst to hosted service and implementation of OLM ‘Eclipse’; Mobile Working; Health Integration; Data Integrity; Data Security; EDPR.	Q1-4	12
Procurement: Contract Management strategy and process.	ANA - High; client request	Holistic type audit; DCC wide. Significantly important, high risk, high profile contracts.	Q2-3	15
Procurement: Resilience of significant / strategic suppliers to ensure service provision in face of Public Sector cuts.	ANA - High; client request	Scope to be determined.	Q1	10
Procurement: Governance protocols in relation to contract award procedures and contract lifecycle.	ANA - High; client request	Review governance protocols; anti-fraud / corruption measures, organised crime, governance and scrutiny.	Q3	10
Advice, planning, monitoring and performance reporting			Q1-4	10
<b>Grants</b>				
Active Devon	n/a	Grant determination requires independent certification of expenditure by Internal Audit.	Q1	5
Bus Subsidy	n/a	Grant determination requires independent certification of expenditure by Internal Audit.	Q2	2

Risk Area / Audit Entity	Risk / Audit Needs Assessment (ANA) – an assessment of the priority of the planned review	Proposed Audit Work / Scope	Proposed Timings (Quarter)	Estimated Audit Effort (Days)
Careers and Enterprise	n/a	Grant determination requires independent certification of expenditure by Internal Audit.	Q2	5
Disabled Facilities Grant	n/a	Grant determination requires independent certification of expenditure by Internal Audit.	Q2	2
Local Growth Fund	n/a	Grant determination requires independent certification of expenditure by Internal Audit.	Q1	5
Local Transport Capital Block Funding	n/a	Grant determination requires independent certification of expenditure by Internal Audit.	Q2	2
Skills Funding Agency	n/a	Grant determination requires independent certification of expenditure by Internal Audit.	Q2	8
Troubled Families Programme	n/a	Grant determination requires independent certification of expenditure by Internal Audit.	Q1-4	10
Grants: Advice, planning, monitoring and performance reporting			Q1-4	5

# Fraud Prevention and Detection and Internal Audit Governance

## Fraud Prevention and Detection and the National Fraud Initiative

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. Internal Audit will continue to investigate instances of potential fraud and irregularities referred to it by managers, and will also carry out pro-active anti-fraud and corruption testing of systems considered to be most at risk to fraud. In recognition of the guidance in the Fraud Strategy for Local Government “Fighting Fraud Locally” and the TEICCAF (The European Institute for Combatting Crime and Fraud) publication “Protecting the English Public Purse 2016”. Internal Audit resources will be allocated to allow a focus on identifying and preventing fraud before it happens. Nationally these areas include Procurement, Payroll, Blue Badges, Direct Payments and Pensions.

The Cabinet Office runs a national data matching exercise (National Fraud Initiative - NFI) every two years. Work on the 2016/17 exercise has already commenced with resulting data matches available from early 2017. We will work with Council departments to ensure that the matches are reviewed and action taken as may be necessary.

## Internal Audit Governance

An element of our work is classified as “other chargeable activities” – this is work that ensures effective and efficient audit services are provided to the Council and the internal audit function continues to meet statutory responsibilities. In some instances this work will result in a direct output (i.e. an audit report) but in other circumstances the output may simply be advice or guidance. Some of the areas that this may cover include:-

- Preparing the internal audit plan and monitoring implementation;
- Preparing and presenting monitoring reports to Senior Management and the Audit Committee;
- Assistance with the Annual Governance Statement;
- Liaison with other inspection bodies (e.g. External Audit, Audit South West);
- Corporate Governance - Over recent years Internal Audit has become increasingly involved in several corporate governance and strategic issues, and this involvement is anticipated to continue during the year;
- On-going development within the Partnership to realise greater efficiencies in the future.

## Partnership working with other auditors

We will continue to work towards the development of effective partnership working arrangements between ourselves and other audit agencies where appropriate and beneficial. We will participate in a range of internal audit networks, both locally and nationally which provide for a beneficial exchange of information and practices. This often improves the effectiveness and efficiency of the audit process, through avoidance of instances of “re-inventing the wheel” in new areas of work which have been covered in other authorities.

We have developed sound working arrangements with Grant Thornton, the authority’s external auditors and have regular liaison meetings to understanding their requirements and to provide the information they require, maximising the benefits of close working. We have also developed an effective working relationship with Audit South West (NHS Internal Audit) and anticipate more opportunities to work collaboratively together as integration between the Council and Health progresses.



## Appendix 1 - Audit Framework

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015, which state: “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards (PSIAS) or guidance”.

DAP, through external assessment, demonstrates that it meets the Public Sector Internal Audit Standards (PSIAS).

The Standards require that the Chief Audit Executive must “establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”. When completing these plans, the Chief Audit Executive should take account of the organisation’s risk management framework. The plan should be adjusted and reviewed, as necessary, in response to changes in the organisation’s business, risk, operations, programs, systems and controls. The plan must take account of the requirement to produce an internal audit opinion and assurance framework.

This audit plan has been drawn up, therefore, to enable an opinion to be provided at the end of the year in accordance with the above requirements.



We will seek opportunity for shared working across member authorities. In shared working Devon Audit Partnership will maximise the effectiveness of operations, sharing learning & best practice, helping each authority develop further to ensure that risk remains suitably managed.

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## Risk update report

### 1. Corporate Risk Register

There are currently 25 risks on the corporate risk register (Appendix A). Since the Committee last reviewed the Corporate Risk Register the following changes have been made to it:

- One risk has increased
  - KS19: Continuing Health Care (CHC), from 20 (High) to Very high (25)
- Three risks have reduced
  - HR: Employee Services: System Failures, from 16 (High) to 12 (Medium)
  - SPOC01: Failure to realise opportunities and insight derived from successful collaboration with key partners, from 12 (Medium) to 9 (Low)
  - FIN39: Failure to deliver priority services as a result of significantly reduced finances, from of 16 (High) to 12 (Medium)
- One has been newly scored
  - Impact of reform of the Intermediaries Legislation (Off-Payroll working in the Public sector) with an inherent score of 18 (High) and a mitigated score of 12 (Medium)
- Two risks have been added to the register
  - Appointment and Hiring of Consultants
  - FIN02: Failure of treasury management practice
- Four risks have been removed from the register, either to be managed by the relevant service area or archived
  - PR01: Supply market failure: Financial and other pressures leading to the failure of supply markets
  - PR06: Inflationary pressure across markets impacts upon service delivery and budget pressures
  - SC1: School Transport
  - SP1: Flood Risk Management
- 17 risks have remained unchanged
- One risk is overdue for review
  - JO23: Children's and Adult services budget pressures and allocation, with an inherent score of 30 (Very high)

### 2. Newly identified risks

Seven risks have been identified since the last Corporate Service Scrutiny Committee (Appendix B), mostly relating to waste management.

### 3. Risks for possible further exploration

There are currently 10 risks that have a current status of Very High meaning they are both likely to happen and would have a significant impact if they did. However they are all People or Place related and may be better discussed at those Scrutiny Committees.

# Agenda Item 6

The current Corporate Service Risk register contains 11 entries that members might want to consider in more detail, with eight of these risks relating to various aspects of HR.

Mary Davis  
County Treasurer

## Appendices

Appendix A: Corporate Risk Register

Appendix B: New risks

Appendix C: Corporate Service Risk Register

Contact for enquiries:

Mark Painter

Room No. 155

Tel No: (01392) 386219

Appendix A: Corporate Risk Register

Risk details	Status and Risk owner	Mitigating controls
<p><a href="#">TG20: Market capacity adult social care (Residential And Nursing Care)</a>                      The supply of residential and nursing care of the right quality is currently stretched in some parts of Devon increasing the risk that we cannot achieve safe discharge from hospital. Difficulties in recruiting care staff further increases this risk.</p>	<p>Inherent status: 30 Very high                      Current status : 30 Very high                      Risk owner: <a href="#">Tim Golby</a>                      Accountable officer: <a href="#">Ian Hobbs</a>                      Last review: 24 Oct 2016</p>	<p><b>Green</b> Capital investment programme led by BR Team to increase capacity in areas of highest need  <b>Green</b> New care homes contract including block bed provisions from 2017-18  <b>Green</b> Working with CCGs re intermediate care to ensure fit to contract  <b>Green</b> Improving relationship with the market via sector lead to increase market engagement  <b>Green</b> Fee uplift has stabilised market failure  <b>Green</b> Workforce development programme being extended to private sector</p>
<p><a href="#">TG21: Market Capacity: Adult Social Care (Personal Care)</a>                      The council fails to meet its statutory market sufficiency requirement for personal care placing individuals at risk in the community or hospital setting</p>	<p>Inherent status: 30 Very high                      Current status : 30 Very high                      Risk owner: <a href="#">Tim Golby</a>                      Accountable officer: <a href="#">Ian Hobbs</a>                      Last review: 15 Feb 2017</p>	<p><b>Completed</b> New Living Well at Home Contract let jointly with NHS  <b>Green</b> Refresh of the Adult Social Care Services Market Position Statement  <b>Green</b> Provider Engagement Network  <b>Green</b> Performance monitoring  <b>Green</b> Work with providers to address capacity shortfall  <b>Green</b> Reprourement of personal care via new framework: contracts to be awarded in march, transition to new arrangements in June.  <b>Green</b> Investigation of new solutions/new way of working  <b>Green</b> Weekly SITREPS and escalation  <b>Green</b> Provider of last resort option.</p>
<p><a href="#">TG29: Budget Management</a>                      That a broader corporate overview of timing, impact or scope of service or policy changes gives rise to review or reconsideration of proposals</p>	<p>Inherent status: 25 Very high                      Current status : 25 Very high                      Risk owner: <a href="#">Tim Golby</a>                      Accountable officer: <a href="#">Jennie Stephens</a>                      Last review: 24 Oct 2016</p>	<p><b>Green</b> Thoroughness on consultation on proposals  <b>Green</b> Thorough impact and risk assessment of plans and policy change</p>

Risk details	Status and Risk owner	Mitigating controls
<p><a href="#">KS19: Continuing Health Care (CHC)</a> The Council fails to meet its statutory obligations to ensure Continuing Health Care (CHC) is appropriately assessed by the NHS</p>	<p>Inherent status: 30 Very high Current status : 25 Very high Risk owner: <a href="#">Keri Storey</a> Accountable officer: <a href="#">Jennie Stephens</a> Last review: 15 Feb 2017</p>	<p><b>Amber</b> Issues escalated to NEW Devon CCG and some actions agreed which may mitigate. <b>Amber</b> Formal disputes now being raised and Draft Disputes Protocol in use. <b>Green</b> Further training for staff planned in PPA <b>Green</b> Learning Disabilities nurses transferred back to NHS <b>Completed</b> Discussions underway with CCG to consider future 4 week funding arrangements <b>Completed</b> NEW Devon supporting work on 2015.16 cases that were delayed in assessment or panel decisions.</p>
<p><a href="#">HTM1: Failure to maintain C class and unclassified roads effectively.</a> Deterioration of highway network due to insufficient planned and routine maintenance.</p>	<p>Inherent status: 25 Very high Current status : 24 Very high Risk owner: <a href="#">Joe Deasy</a> Accountable officer: <a href="#">David Whitton</a> Last review: 02 Feb 2017</p>	<p><b>Green</b> Value for Money solutions <b>Green</b> Highway Monitoring <b>Green</b> Safety repairs <b>Green</b> Communication with stakeholders</p>
<p><a href="#">HTM2: Lack of capacity or capability to respond effectively to highway safety related issues</a> Potential for fatal and severe accidents to citizens due to lack of effective and timely repair or replacement of highway assets. This could be brought about by deteriorating highway condition, inability to meet policy level of service, inadequate procedures or poor staff/contract performance.</p>	<p>Inherent status: 24 Very high Current status : 20 High Risk owner: <a href="#">Joe Deasy</a> Accountable officer: <a href="#">David Whitton</a> Last review: 12 Dec 2016</p>	<p><b>Amber</b> Highway Monitoring <b>Amber</b> Safety repairs <b>Green</b> Programme flexibility</p>
<p><a href="#">KS20: Care management capacity and effectiveness</a> The Council fails to meet its statutory obligations for the timeliness of assessment for adults</p>	<p>Inherent status: 20 High Current status : 20 High Risk owner: <a href="#">Keri Storey</a> Accountable officer: <a href="#">Jennie Stephens</a> Last review: 15 Feb 2017</p>	<p><b>Amber</b> Demand management work <b>Amber</b> Productivity work alongside demand management work <b>Green</b> Additional capacity in extended hours <b>Amber</b> Supported Living Project</p>

Risk details	Status and Risk owner	Mitigating controls
<p><a href="#">HTM3: Lack of capacity or capability to effectively respond to extreme weather events</a>            Flooding and structural damage to the highway affecting citizens and property</p>	<p>Inherent status: 24 Very high            Current status : 20 High            Risk owner: <a href="#">Joe Deasy</a>            Accountable officer: <a href="#">David Whitton</a>            Last review: 12 Dec 2016</p>	<p><b>Green</b> Highway Monitoring  <b>Green</b> Winter Service and Emergency Plan  <b>Green</b> Delivery of Planned works  <b>Green</b> Preparedness  <b>Green</b> Asset Management</p>
<p><a href="#">KS14: Deprivation of Liberties (DoLS) and Court of Protection (CoP)</a>            The Council fails to meet its statutory obligations and individuals are put at unacceptable risk</p>	<p>Inherent status: 25 Very high            Current status : 20 High            Risk owner: <a href="#">Sarah MacKereth</a>            Accountable officer: <a href="#">Jennie Stephens</a>            Last review: 15 Feb 2017</p>	<p><b>Green</b> Prioritised plan in place in adult services to address both res/nursing/hospital and community deprivations  <b>Green</b> CLT endorsed approach and additional posts  <b>Green</b> Ongoing review of performance at SLT and scrutiny ctte on request  <b>Green</b> Law Commission review due to report by end 2016. Realistically DCC is unlikely to authorise any significant proportion of the outstanding res/nursing or community deprivations prior to legislation/policy change</p>

Risk details	Status and Risk owner	Mitigating controls
<p><a href="#">SPOC15: Failure to prevent discriminatory practice/adhere to the Equality Act &amp; Public Sector Equality Duty</a>                      Ensuring the Council gives due regard to the need to eliminate discrimination (end prohibited conduct), advance equality and foster good relations as required by the Public Sector Equality Duty (Equality Act 2010).</p>	<p>Inherent status: 20 High                      Current status : 16 High                      Risk owner: <a href="#">Jo Hooper</a>                      Accountable officer: <a href="#">Roland Pyle</a>                      Last review: 10 Nov 2016</p>	<ul style="list-style-type: none"> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> (Equality) Impact Assessment</li> <li><span style="background-color: #FFD700; padding: 2px;">Amber</span> Equality Training and Competencies</li> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> Equality Objectives (Fair for all Programme)</li> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> Equality Reference Group</li> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> Equality Framework for Local Government</li> <li><span style="background-color: #FFD700; padding: 2px;">Amber</span> Staff Surveys</li> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> Discriminatory Incident Reporting</li> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> Equality Policy</li> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> Supporting employment policies</li> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> Sufficient allocation of staff with responsibility for equality/impact assessment</li> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> Information (Evidence base)</li> <li><span style="background-color: #FFD700; padding: 2px;">Amber</span> Customer diversity monitoring</li> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> Equality Standards in Procurement</li> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> Hate Crime Prevention</li> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> Communications Toolkit</li> <li><span style="background-color: #FFD700; padding: 2px;">Amber</span> Workforce diversity data</li> <li><span style="background-color: #90EE90; padding: 2px;">Completed</span> Learning from Judicial Review Project - implementing the recommendations</li> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> Impact Assessment Performance Measures</li> </ul>
<p><a href="#">TCS1: Public Transport Support Budget</a>                      Additional Cost/ budget pressure due to:                      (a) withdrawal of commercial services, requiring DCC to respond to fill gaps in the bus network through additional support for services.                      (b) Risk of higher tender prices, given a prolonged period of lower tender prices.                      (c) funding reductions resulting in significant cuts in bus services.                      Refer to Cabinet report 10 June 2015</p>	<p>Inherent status: 20 High                      Current status : 15 High                      Risk owner: <a href="#">Damien Jones</a>                      Accountable officer: <a href="#">Dave Black</a>                      Last review: 20 Dec 2016</p>	<ul style="list-style-type: none"> <li><span style="background-color: #FFD700; padding: 2px;">Amber</span> Operational, policy and administrative efficiencies</li> </ul>



Risk details	Status and Risk owner	Mitigating controls
<p><a href="#">Reduction in Public Health funding</a> Clawback of Public Health reserve funds this year means that Public Health no longer have funding available to respond to immediate Public Health demands. It also may presage future reductions in the recurring funding which could impact on commissioned services</p>	<p>Inherent status: 15 High Current status : 15 High Risk owner: <a href="#">Mark Kealy</a> Accountable officer: <a href="#">Tracey Polak</a> Last review: 19 Dec 2016</p>	<p><b>Green</b> Retaining a targeted health check programme for those most at risk <b>Amber</b> New Healthy Lifestyle service and voluntary service directory <b>Green</b> One You <b>Green</b> Change4Life <b>Amber</b> Making every contact count <b>Green</b> Specialist smoking service <b>Amber</b> Working with partners to access new sources of funding</p>
<p><a href="#">SPOC16: Failure to properly implement Impact Assessment in effective decision making</a> The County Council has a legal duty under the Equality Act 2010 to publish information about people affected by its policies and practices. It also has a legal duty to give due regard to the need to eliminate discrimination, advance equality and foster good relations across nine protected characteristics. The County Council's method for meeting these duties is through the Impact Assessment report. Risks to the organisation of not adhering to the Duty are Judicial Review or lack of consideration of community impacts which could result in harm, poor community relations, complaints about discrimination etc.</p>	<p>Inherent status: 30 Very high Current status : 12 Medium Risk owner: <a href="#">Jo Hooper</a> Accountable officer: <a href="#">Roland Pyle</a> Last review: 10 Nov 2016</p>	<p><b>Green</b> Monitoring and feedback <b>Green</b> Training and guidance <b>Green</b> Decision making procedures <b>Green</b> Escalation</p>
<p><a href="#">FIN39: Failure to deliver priority services as a result of significantly reduced finances</a> Reductions in government funding over the next 3 years will necessitate reductions in local government spending and service provision. DCC has responded by identifying savings in 2016/17 and is identifying the impact of further reductions in subsequent financial years via its Medium Term Financial Planning process This risk covers both a failure to deliver priority services due to inadequate financial planning and an inability to respond to changes arising from significant reductions in Government Finance</p>	<p>Inherent status: 20 High Current status : 12 Medium Risk owner: <a href="#">Angie Sinclair</a> Accountable officer: <a href="#">Mary Davis</a> Last review: 22 February 2016</p>	<p><b>Green</b> Medium Term Financial Plan <b>Completed</b> Annual Savings Plan approved by CLT <b>Green</b> Purposeful Systems</p>

Risk details	Status and Risk owner	Mitigating controls
<p><a href="#">HR: Employee Services: System Failures</a> System failure due to technical problems may result in employees not being paid on time or accurately</p>	<p>Inherent status: 16 High Current status : 12 Medium Risk owner: <a href="#">Wendy Smith</a> Accountable officer: <a href="#">Jacky Wilson</a> Last review: 20 Oct 2016</p>	<p>Green Proactive controls Amber HRMS Project Green Collaborative working Green HR and ICT Business Continuity Plans Amber Review of hardware and implementation of changes to processor</p>
<p><a href="#">HM12: Failure to maintain the A and B road network effectively leading to reduced surface life</a> The risk of reduced life of the A and B road surfaces is influenced by several factors including the availability of an adequate budget to carry out work and deterioration factors such as severe winters and climate change.</p>	<p>Inherent status: 20 High Current status : 12 Medium Risk owner: <a href="#">Joe Deasy</a> Accountable officer: <a href="#">David Whitton</a> Last review: 12 Dec 2016</p>	<p>Amber Highways Asset Strategy Amber Assessment of Highway Drainage Green Materials Selection Green Re-evaluation of our approach to preventative maintenance</p>
<p><a href="#">SR2: Flood Risk Management</a> Devon County Council became the Lead Local Flood Authority (LLFA) as defined by the Flood and Water Management Act (FWMA) 2010 and, as a consequence, is responsible for managing the risk of local flooding from surface water run-off, groundwater and ordinary watercourses. The Act sets out a number of specific roles for the LLFA.</p> <p>This includes the risks associated with the obligations and expectations associated with this LLFA role, particularly in light of the major flooding experienced in Devon over recent years, the expectation of delivering robust flood improvements and the new statutory consultee role for providing advice to the Local Planning Authorities on surface water management proposals for 'major' development applications.</p> <p>[Note: no specific consideration is provided here to the risk of flooding of DCC assets or the huge costs of responding to / recovering from flood events, particularly linked to highway flooding.]</p>	<p>Inherent status: 20 High Current status : 12 Medium Risk owner: <a href="#">Martin Hutchings</a> Accountable officer: <a href="#">Dave Black</a> Last review: 20 Feb 2017</p>	<p>Green Capacity of the Flood Risk Management Team Completed Local Flood Risk Management Strategy Green Partnership working with other Risk Management Authorities</p>

Risk details	Status and Risk owner	Mitigating controls
<p><a href="#">Impact of reform of the Intermediaries Legislation (Off-Payroll working in the Public sector)</a></p> <p>Draft legislation has been circulated following HMRC consultation related to off payroll working in the public sector, and the current off payroll arrangements in place within the Council. Off payroll workers are paid by invoice via an intermediary i.e. their own limited company (also known as a personal services company) or via a recruitment agency, rather than the Council's payroll service. Care will need to be taken in terms of assessing the potential impact of the legislative change and in determining how the Council proceeds to ensure that Devon County Council fully meets its duties in respect of tax legislation.</p>	<p>Inherent status: 18 High  Current status : 12 Medium  Risk owner: <a href="#">Martin Oram</a>  Accountable officer: <a href="#">Mary Davis</a>  Last review: 14 Feb 2017</p>	<p><b>Completed</b> Establish a review group  <b>Amber</b> Review existing contractual arrangements  <b>Green</b> Communication  <b>Amber</b> Assess financial impact and issues  <b>Amber</b> Review policies and procedures, alongside dealing with workflow issues</p>
<p><a href="#">HR: Workforce and Succession Planning</a></p> <p>DCC risks not having workforce plans in place to ensure that it has the 'right number of people with the right skills, in the right place at the right time to deliver short and long term organisational objectives' (Chartered Institute of Personnel &amp; Development definition of 'workforce planning'). This is exacerbated by:</p> <ul style="list-style-type: none"> <li>• The demographics of the workforce, given that around 45% of our current directly employed DCC workforce is over 50 years and over 60% is over 40 years.</li> <li>• The need for changing skills and behaviours in order to implement new ways of working</li> <li>• DCC's new delivery model, including greater reliance on other employers/sectors to deliver services on our behalf</li> <li>• Significant changes in social trends and attitudes, such as the use of new technology and attitudes to the public sector, which may impact upon our 'employer brand' and therefore recruitment and retention</li> <li>• Skills shortages in key areas including social work and teaching</li> <li>• Improvements to the UK and local economy which may impact upon the Council's ability to recruit and retain staff.</li> <li>• Government policy (for example exit payment proposals) and changes to the Council's redundancy compensation policy, which could impact upon retention, particularly of those at more senior levels and/or older workers.</li> </ul>	<p>Inherent status: 16 High  Current status : 12 Medium  Risk owner: <a href="#">Helen Marsh</a>  Accountable officer: <a href="#">Jacky Wilson</a>  Last review: 05 Dec 2016</p>	<p><b>Green</b> HR Strategy  <b>Green</b> HR Redundancy and Turnover Management Strategy  <b>Amber</b> HR Dashboard  <b>Green</b> Communication and cross working  <b>Amber</b> Workforce Planning roll-out</p>

Risk details	Status and Risk owner	Mitigating controls
<p><a href="#">Disruption to DCC services (business continuity)</a> The impact of an incident, internal or external, causing disruption to DCC services.</p>	<p><b>Inherent status: 12 Medium</b> <b>Current status : 9 Low</b> Risk owner: <a href="#">Keith Reed</a> Accountable officer: <a href="#">Nicola Channon</a> Last review: 25 Jan 2017</p>	<p><b>Green</b> Business continuity plans (BCPs) <b>Amber</b> Business Continuity plans for Social Care <b>Green</b> Exercising <b>Completed</b> Reminders to review <b>Green</b> Regional and local cooperation</p>
<p><a href="#">SPOC1: Failure to realise opportunities and insight derived from successful collaboration with key partners</a> RISK of not engaging effectively with partners exposes DCC to levels of uncertainty in terms of capacity, service delivery and finance; insight and learning not shared about opportunities to share resources/effect change; aspirations as system leaders not realised; Better Together and Operating Model not achieved. OPPORTUNITY for greater value-added benefits through co-operation with other agencies and place-based budgets. The following link defines partnerships in a RM context. <a href="http://staff.devon.gov.uk/services-for-communities/strategicintelligence/risk-management/devonway-riskmanagement/risk-management-partners/risk-management-in-partnerships.htm">http://staff.devon.gov.uk/services-for-communities/strategicintelligence/risk-management/devonway-riskmanagement/risk-management-partners/risk-management-in-partnerships.htm</a></p>	<p><b>Inherent status: 16 High</b> <b>Current status : 9 Low</b> Risk owner: <a href="#">Roland Pyle</a> Accountable officer: <a href="#">John Smith</a> Last review: 23 Feb 2017</p>	<p><b>Green</b> Leadership and governance arrangements <b>Amber</b> Communications between Partners (key individual networks)</p>
<p><a href="#">BREXIT</a> Potential changes in laws, regulations, government policy or funding arising from the UK leaving the European Union which may impact on Council objectives, financial resilience and affected staff.</p>	<p><b>Inherent status: 24 Very high</b> Current status : Risk owner: <a href="#">Nicola Allen</a> Accountable officer: <a href="#">Mary Davis</a> Last review: 25 Nov 2016</p>	<p><b>Amber</b> Monitor post-referendum environment <b>Amber</b> Monitor Official publications <b>Red</b> Engage with LGA <b>Amber</b> Human Resources support <b>Red</b> Engage with DCLG</p>
<p><a href="#">O23: Children's and Adult services budget pressures and allocation</a> Impact across People's Services of budget pressures and allocation issues within children's services. Significant overspends are currently being forecast across a range of Education transport and Social Care budgets, which threaten the financial stability of People's Services.</p>	<p><b>Inherent status: 30 Very high</b> <b>Current status : Overdue</b> Risk owner: <a href="#">Jo Olsson</a> Accountable officer: <a href="#">Jennie Stephens</a> Last review: 09 Aug 2016</p>	<p><b>Green</b> Regular financial performance reporting to CLT <b>Green</b> Weekly children's social care management meetings focussing on budget pressures <b>Green</b> Focus of regular LTP discussion <b>Green</b> Scrutiny reporting <b>Green</b> Task group led by Leader of the Council</p>

Appendix B: Risks identified since 24 January 2017

Risk details	Status and Risk owner	Mitigating controls
<p><b>Appointment and Hiring of Consultants</b> The risk of appointing a consultant without carrying out due diligence could expose the Authority to non compliance with legislation (from April 2017) as well as other financial and reputational issues.</p>	<p><b>Inherent status: 15 High</b> <b>Current status : 8 Low</b> Risk owner: <a href="#">Andrea Owen</a> Accountable officer: <a href="#">Jacky Wilson</a> Last review: 24 Jan 2017</p>	<p><b>Amber</b> Produce a single Policy and guidance <b>Amber</b> Improved Policing <b>Amber</b> Monitoring by the Leadership Team <b>Amber</b> No engagements without an approved value assessment <b>Amber</b> No re-engagements or contract extensions without re-assessing value and approval requirements</p>
<p><b>Waste Growth</b> Waste tonnages grow faster than has been allowed within the budget setting process</p>	<p><b>Inherent status: 9 Low</b> Current status : Risk owner: <a href="#">Annette Dentith</a> Accountable officer: <a href="#">David Whitton</a> Last review: 06 Feb 2017</p>	<p><b>Green</b> monthly budget monitoring <b>Green</b> effective behaviour change</p>
<p><b>Shared savings ( Waste )</b> District council changes do not deliver the savings anticipated</p>	<p><b>Inherent status: 12 Medium</b> Current status : Risk owner: <a href="#">Annette Dentith</a> Accountable officer: <a href="#">David Whitton</a> Last review: 06 Feb 2017</p>	<p><b>Green</b> regular monitoring of district activities <b>Green</b> projections based on performance</p>
<p><b>Reprocure North Devon and Torridge residual waste contract</b> Reprocure North Devon and Torridge residual waste contract</p>	<p><b>Inherent status: 20 High</b> Current status : Risk owner: <a href="#">Annette Dentith</a> Accountable officer: <a href="#">David Whitton</a> Last review: 06 Feb 2017</p>	<p><b>Green</b> Robust planning application for North Devon TS submitted <b>Green</b> seek letters of support from District Council <b>Green</b> robust procurement timeline</p>
<p><b>Operation, maintenance and replacement of key infrastructue (Waste)</b> Operation, maintenance and replacement of key infrastructue</p>	<p><b>Inherent status: 9 Low</b> Current status : Risk owner: <a href="#">Annette Dentith</a> Accountable officer: <a href="#">David Whitton</a> Last review: 06 Feb 2017</p>	<p><b>Green</b> maintenance undertaken as part of contracted service <b>Green</b> contingency delivery points in place for most sites <b>Amber</b> capital funding of new infrastructure</p>
<p><b>Reprocure North Devon and Torridge residual waste contract</b> Reprocure North Devon and Torridge residual waste contract</p>	<p><b>Inherent status: 20 High</b> Current status : Risk owner: <a href="#">David Whitton</a> Accountable officer: <a href="#">David Whitton</a> Last review: 06 Feb 2017</p>	<p><b>Green</b> Robust planning application for North Devon TS submitted <b>Green</b> seek letters of support from District Council <b>Green</b> robust procurement timeline</p>

Risk details	Status and Risk owner	Mitigating controls
<p><a href="#">Pplan Resilience</a></p> <p>The bespoke nature of Pplan and its ongoing maintenance and upkeep reliance on a single member of staff. The consequences to the delivery of the capital programme should the data base fail.</p>	<p><b>Inherent status: 12 Medium</b></p> <p>Current status :</p> <p>Risk owner: <a href="#">David Whitton</a></p> <p>Accountable officer: <a href="#">Chris Dyer</a></p> <p>Last review: 20 Feb 2017</p>	<p><b>Amber</b> Provide succession plan to train an alternative member of staff to take over key tasks with aim of being capable managing the data base within a two year time line.</p>

Appendix C: Corporate Services Risk Register

Risk details	Status and Risk owner	Mitigating controls
<p><a href="#">HR: Health and Safety</a>                      Failure to deliver our statutory service delivery duties and legal obligations in respect to health and safety requirements. This leads to reputational and service delivery impact and costs.</p>	<p>Inherent status: 30 Very high                      Current status : 12 Medium                      Risk owner: <a href="#">Simon Bates</a>                      Accountable officer: <a href="#">Jacky Wilson</a>                      Last review: 18 Oct 2016</p>	<p><b>Green</b> Health &amp; Safety Management Audit Systems  <b>Green</b> Policies, procedures and risk assessment  <b>Green</b> Provision of Competent Advice via the Devon Health &amp; Safety Service  <b>Green</b> Consultation and monitoring arrangements  <b>Green</b> The Annual Health Safety and Wellbeing Report  <b>Green</b> Workforce Wellbeing</p>
<p><a href="#">HR: Employee Services: System Failures</a>                      System failure due to technical problems may result in employees not being paid on time or accurately</p>	<p>Inherent status: 16 High                      Current status : 12 Medium                      Risk owner: <a href="#">Wendy Smith</a>                      Accountable officer: <a href="#">Jacky Wilson</a>                      Last review: 20 Oct 2016</p>	<p><b>Green</b> Proactive controls  <b>Amber</b> HRMS Project  <b>Green</b> Collaborative working  <b>Green</b> HR and ICT Business Continuity Plans  <b>Amber</b> Review of hardware and implementation of changes to processor</p>

Risk details	Status and Risk owner	Mitigating controls
<p><a href="#">HR: Workforce and Succession Planning</a></p> <p>DCC risks not having workforce plans in place to ensure that it has the ‘right number of people with the right skills, in the right place at the right time to deliver short and long term organisational objectives’ (Chartered Institute of Personnel &amp; Development definition of ‘workforce planning’). This is exacerbated by:</p> <ul style="list-style-type: none"> <li>• The demographics of the workforce, given that around 45% of our current directly employed DCC workforce is over 50 years and over 60% is over 40 years.</li> <li>• The need for changing skills and behaviours in order to implement new ways of working</li> <li>• DCC’s new delivery model, including greater reliance on other employers/sectors to deliver services on our behalf</li> <li>• Significant changes in social trends and attitudes, such as the use of new technology and attitudes to the public sector, which may impact upon our ‘employer brand’ and therefore recruitment and retention</li> <li>• Skills shortages in key areas including social work and teaching</li> <li>• Improvements to the UK and local economy which may impact upon the Council’s ability to recruit and retain staff.</li> <li>• Government policy (for example exit payment proposals) and changes to the Council’s redundancy compensation policy, which could impact upon retention, particularly of those at more senior levels and/or older workers.</li> </ul>	<p>Inherent status: 16 High            Current status : 12 Medium            Risk owner: <a href="#">Helen Marsh</a>            Accountable officer: <a href="#">Jacky Wilson</a>            Last review: 05 Dec 2016</p>	<p><b>Green</b> HR Strategy  <b>Green</b> HR Redundancy and Turnover Management Strategy  <b>Amber</b> HR Dashboard  <b>Green</b> Communication and cross working  <b>Amber</b> Workforce Planning roll-out</p>
<p><a href="#">Impact of reform of the Intermediaries Legislation (Off-Payroll working in the Public sector)</a></p> <p>Draft legislation has been circulated following HMRC consultation related to off payroll working in the public sector, and the current off payroll arrangements in place within the Council. Off payroll workers are paid by invoice via an intermediary i.e. their own limited company (also known as a personal services company) or via a recruitment agency, rather than the Council’s payroll service. Care will need to be taken in terms of assessing the potential impact of the legislative change and in determining how the Council proceeds to ensure that Devon County Council fully meets it’s duties in respect of tax legislation.</p>	<p>Inherent status: 18 High            Current status : 12 Medium            Risk owner: <a href="#">Martin Oram</a>            Accountable officer: <a href="#">Mary Davis</a>            Last review: 14 Feb 2017</p>	<p><b>Completed</b> Establish a review group  <b>Amber</b> Review existing contractual arrangements  <b>Green</b> Communication  <b>Amber</b> Assess financial impact and issues  <b>Amber</b> Review policies and procedures, alongside dealing with workflow issues</p>
<p><a href="#">HR: Employee Services Safer Recruitment</a></p> <p>Failure to appropriately identify safeguarding issues during the recruitment process</p>	<p>Inherent status: 25 Very high            Current status : 10 Medium            Risk owner: <a href="#">Wendy Smith</a>            Accountable officer: <a href="#">Jacky Wilson</a>            Last review: 13 Feb 2017</p>	<p><b>Green</b> Policies, procedures and risk assessment  <b>Green</b> Provision of DCC safer recruitment team  <b>Green</b> Dealing with agency appointments</p>



Risk details	Status and Risk owner	Mitigating controls
<p><a href="#">Disruption to DCC services (business continuity)</a> The impact of an incident, internal or external, causing disruption to DCC services.</p>	<p>Inherent status: 12 Medium Current status : 9 Low Risk owner: <a href="#">Keith Reed</a> Accountable officer: <a href="#">Nicola Channon</a> Last review: 25 Jan 2017</p>	<p>Green Business continuity plans (BCPs) Amber Business Continuity plans for Social Care Green Exercising Completed Reminders to review Green Regional and local cooperation</p>
<p><a href="#">HR: Industrial Relations Climate</a> Developments at local, regional or national level might impact upon the industrial relations climate, particularly the relationship with the recognised trade unions. Industrial action leads to both short term impact, i.e. inability to provide services due to strike action by employees and may also have a longer/wider ranging impact on the local industrial relations climate</p>	<p>Inherent status: 12 Medium Current status : 9 Low Risk owner: <a href="#">Helen Marsh</a> Accountable officer: <a href="#">Jacky Wilson</a> Last review: 13 Feb 2017</p>	<p>Green Management of Employee Relations</p>
<p><a href="#">Appointment and Hiring of Consultants</a> The risk of appointing a consultant without carrying out due diligence could expose the Authority to non compliance with legislation (from April 2017) as well as other financial and reputational issues.</p>	<p>Inherent status: 15 High Current status : 8 Low Risk owner: <a href="#">Andrea Owen</a> Accountable officer: <a href="#">Jacky Wilson</a> Last review: 24 Jan 2017</p>	<p>Amber Produce a single Policy and guidance Amber Improved Policing Amber Monitoring by the Leadership Team Amber No engagements without an approved value assessment Amber No re-engagements or contract extensions without re-assessing value and approval requirements</p>
<p><a href="#">HR: Employment and Local Government Legislative Changes</a> The way the council deploys, manages and rewards its staff is shaped in part by the legislative framework within which DCC has to operate. This includes general employment, HR policies, health and safety and equality legislation but also local government specific legislation such as the Equality Duty, the annual Pay Policy Statement and the Data Transparency Code. It includes government decisions like the introduction of the National Living Wage and Government consultations, such as those relating to Exit Payments. The HR Strategy will help DCC to plan for these changes.</p>	<p>Inherent status: 12 Medium Current status : 6 Low Risk owner: <a href="#">Helen Marsh</a> Accountable officer: <a href="#">Jacky Wilson</a> Last review: 13 Feb 2017</p>	<p>Green Responding to Government consultations Green Monitoring legislative/policy changes Green Updating Pay Policy Statement/Data Transparency Code</p>

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Risk details	Status and Risk owner	Mitigating controls
<p><a href="#">BREXIT</a> Potential changes in laws, regulations, government policy or funding arising from the UK leaving the European Union which may impact on Council objectives, financial resilience and affected staff.</p>	<p><b>Inherent status: 24 Very high</b> Current status : Risk owner: <a href="#">Nicola Allen</a> Accountable officer: <a href="#">Mary Davis</a> Last review: 25 Nov 2016</p>	<p><b>Amber</b> Monitor post-referendum environment <b>Amber</b> Monitor Official publications <b>Red</b> Engage with LGA <b>Amber</b> Human Resources support <b>Red</b> Engage with DCLG</p>
<p><a href="#">FIN39: Failure to deliver priority services as a result of significantly reduced finances</a> Reductions in government funding over the next 3 years will necessitate reductions in local government spending and service provision. DCC has responded by identifying savings in 2016/17 and is identifying the impact of further reductions in subsequent financial years via its Medium Term Financial Planning process This risk covers both a failure to deliver priority services due to inadequate financial planning and an inability to respond to changes arising from significant reductions in Government Finance</p>	<p><b>Inherent status: 20 High</b> <b>Current status : Overdue</b> Risk owner: <a href="#">Angie Sinclair</a> Accountable officer: <a href="#">Mary Davis</a> Last review: 16 May 2016</p>	<p><b>Green</b> Medium Term Financial Plan <b>Completed</b> Annual Savings Plan approved by CLT <b>Green</b> Purposeful Systems</p>

## SCRUTINY IN A COMMISSIONING COUNCIL UPDATE

### 1.0 Introduction

In response to increased commissioning activity within the County Council, the Corporate Services Scrutiny Committee established a Task Group to examine the role of the scrutiny function in a council which commissions a large proportion of services from external providers.

The report and recommendations of the Task Group were published in March 2016, and were endorsed by the Corporate Services Scrutiny Committee and Cabinet.

This report provides an update on the work undertaken to date to support the recommendations.

### 2.0 Background

The Task Group met with County Council officers and Cabinet Members with responsibilities for commissioning, and with providers of some of the Council's largest services. The Task Group Members also drew on their own and other Scrutiny Member's experiences of scrutinising commissioning processes and commissioned services, and information provided by other local authorities as to how they are meeting this challenge.

The Task Group concluded that there was still an important and valuable role for scrutiny in a commissioning council, although there were clear challenges around how this scrutiny should be carried out.

The Task Group made four key recommendations directed at County Council officers, Cabinet and Scrutiny Members, which would help to strengthen scrutiny's role and impact around commissioning.

### 3.0 Progress against recommendations

Councillor Parsons (Cabinet Member for Performance & Engagement) has been working with officers from the Council's Procurement, Legal and Democratic Services & Scrutiny teams to take forward the recommendations made by the Task Group. A number of practical ways forward have been established. Further details in relation to each recommendation are provided below.

#### **Recommendation 1 - Strengthen communication and collaboration between Cabinet Members and Heads of Service and Scrutiny Committees, in relation to commissioned services.**

At their September 2016 round of meetings, each Scrutiny Committee appointed a 'Commissioning Liaison Member'. The role of this Member is to work closely with the relevant Cabinet Members and Heads of Service, developing a fuller understanding of commissioning processes, and provide a link between Cabinet and Scrutiny on commissioning and commissioned services. The Commissioning Liaison Members are Councillor Radford (Place), Councillor Hannaford (People), Councillor Westlake (Health & Wellbeing) and Councillor Hosking (Corporate Services).

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A key part of this role is to develop an in depth understanding of the Council's commissioning processes and priorities, and to this end, two commissioning training sessions have been held for the Commissioning Liaison Members, with Scrutiny Chairs and Vice Chairs also invited. The first session, held on 15<sup>th</sup> December, focussed on Adult Social Care Commissioning, and the second session held on 28<sup>th</sup> February looked specifically at Highways commissioning and Public Health commissioning.

Further commissioning training is planned for all Members of the new Council as part of the Member induction process. Scrutiny Committees will be asked to appoint Commissioning Liaison Members at their first meetings of the new Council, and further in depth commissioning training will be provided for these Members.

## **Recommendation 2 - For Scrutiny to engage with and contribute to the development of the re-commissioning of services, and the new commissioning of services, at the earliest possible stage**

It was suggested that twice yearly, Scrutiny Committee Members receive a list of all upcoming commissioning activity relevant to their committee, and have the opportunity to put forward any of these pieces of commissioning activity to be looked at in more detail at their next Scrutiny Committee meeting and/or through a Task Group investigation. This would include both new commissioning, re-commissioning and mid-term reviews.

As such, Chief Officers and Heads of Service have been asked to provide Scrutiny Committee with details of upcoming commissioning activity for the March 2017 round of meetings, and (given the proximity of these meetings to elections), Members will have had the opportunity to recommend a topic for more in depth review by a future Scrutiny Committee.

## **Recommendation 3 - Ensure that the Council's 'joint venture partners' and external providers of large contracts, may be held to account and be subject to Scrutiny**

New standard terms and conditions are being drawn up for the Council's contracts with external providers, and those with a value of more than £100,000 will include a clause requiring the provider to attend the Council's Scrutiny Committees and Cabinet at the reasonable request of the Council. This clause will apply for the duration of the contract and for six years after the contract termination or expiry. The new standard terms and conditions are expected to be in use for contracts let on or after April 2017.

In addition, the Council has also written to its most significant current service providers inviting a representative to attend future meetings of Scrutiny Committees at the request of Scrutiny Members, and to respond to questions on service delivery or performance.

## **Recommendation 4 - All Scrutiny Members to receive assurance and have the opportunity to scrutinise the performance of joint venture partners and large providers**

The action taken in regard to recommendation 3 above will also go some way to giving Scrutiny Members the opportunity to scrutinise the performance of providers through their attendance at committee, including contributing to mid-term reviews. In October 2016, four Members of the Corporate Services Scrutiny Committee met with officers

undertaking the ten year review of NPS, who currently provide the Council's property consultancy services, to put forward their views on the Council's joint venture with NPS. The Corporate Services Scrutiny Committee are due to receive the results of this review in June.

People's Scrutiny Committee continue to receive detailed performance reports for services delivered by external providers.

Looking to the future, the Council is currently working to improve outcomes by reviewing its systems and processes. It is likely that the way that the Council measures, monitors and reports performance will be revised as part of this piece of work. After the May elections, Scrutiny Committees of the new Council may wish to review the performance information they receive and how it is used, for both in-house and externally provided services.

#### **4. Conclusion**

This report sets out the work undertaken to date to take forward the recommendations set out by the Scrutiny in a Commissioning Council Task Group. It will be for the Scrutiny Committees of the next Council to work with Cabinet Members and council officers to develop this work further.

Jan Shadbolt, County Solicitor

#### **ELECTORAL DIVISIONS: ALL**

Local Government Act 1972: List of Background Papers

Contact for Enquiries: V Church (01392) 383691  
Room: G31

<u>Background Paper</u>	<u>Date</u>	<u>File Reference</u>
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Nil



## DEVON COUNTY COUNCIL

### SCRUTINY WORK PROGRAMME

The Scrutiny Work Programme identifies those areas of activity or work proposed to be undertaken by individual Scrutiny Committees over the coming months, notwithstanding the rights of County Councillors to ask for any matter to be considered by a Committee or to call-in certain decisions in line with the Council's Scheme of Delegation (Part 3 of the Constitution) and the Scrutiny Procedures Rules.

Co-ordination of the activities of Scrutiny Committees is undertaken by the Chairmen and Vice-Chairmen of Scrutiny Committees to avoid duplication of effort and to ensure that the resources of the Council are best directed to support the work of Scrutiny Committees.

The Work Programme will be submitted to and agreed by Scrutiny Committees at each meeting and will be published on the Council's website 'Information Devon', ([http://www.devon.gov.uk/index/councildemocracy/decision\\_making/scrutiny/scrutiny\\_programme.htm](http://www.devon.gov.uk/index/councildemocracy/decision_making/scrutiny/scrutiny_programme.htm)) as soon as possible thereafter.

An up to date version of this Plan will also be available for inspection from the Democratic Services and Scrutiny Secretariat at County Hall, Topsham Road, Exeter (Telephone: 01392 382296) between the hours of 9.30am and 4.30pm on Mondays to Thursdays and 9.30am and 3.30pm on Fridays, free of charge.

Where possible Scrutiny Committees will attempt to keep to the timescales/dates shown in the Plan. It is possible, however, that some items may need to be rescheduled and new items added as new circumstances come to light.

Please ensure therefore that you refer to the most up to date Plan.

Copies of Agenda and Reports of Scrutiny Committees of the County Council referred to in this Forward Plan area also available on the Council's Website at (<http://www.devon.gov.uk/dcc/committee/mingifs.html>)

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## SCRUTINY WORK PROGRAMME

Date for Consideration	Matter for Discussion	Scope of Investigation or Purpose of Report	Contributors or Heads of Services to be involved	Documents to be considered	Likely timescale for Investigation or Consideration
<b>CORPORATE SERVICES SCRUTINY COMMITTEE</b>					
<b>23 MARCH 2017</b>					
23 Mar 2017	Internal Audit Plan 2017/18	Internal Audit Plan for Corporate Services	Head of Devon Audit Partnership	Report	Committee meeting only
23 Mar 2017	Risk Management	To look in depth at some of the Council's most prominent risks, and the mitigating actions put in place to manage them.	Chief Officer for Communities, Public Health, Environment and Prosperity	Report	Committee meeting only
23 Mar 2017	Scrutiny in a Commissioning Council Task Group update	Update against the recommendations made by the Scrutiny in a Commissioning Council Task Group	Scrutiny Officer	Report	Committee meeting only
23 Mar 2017	State pension 'triple lock'	The potential impact on Devon pensioners and the economy, of the triple lock state pension guarantee being removed from 2020.	Head of Economy, Enterprise and Skills	Presentation	Committee meeting only
<b>Future items</b>					
27 Jun 2017	NPS 10 Year Review	Report on the Council's 10 year review of its Property Services contract with NPS	Head of Digital Transformation and Business Support	Report	Committee meeting only
27 Jun 2017	Deprivation of Liberty Safeguards	To assess the impact of new legislation.	Head of Adult Care Operations and Health	Report	Committee Meeting only
27 Jun 2017	PFI contracts	The monitoring of PFI contracts and links to the Councils debt position	County Treasurer		Committee meeting only