

2018/19 Risk Management Annual Report

Report of the County Treasurer

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

Recommendations:

- i. that members note the current risk position for all risks.
- ii. that the Committee notes the ongoing updates to the risk management process as supported by Devon Audit Partnership.

The attached report sets out the background to Risk Management within DCC and the important role that the Audit committee plays in the process. It shows the position of those risk which have been identified, assessed and entered into the Risk Register.

Appendix 1 of the report shows the direction of development for the identification of issues before they reach the Risk Register, allowing data to be captured and links across the Council to be identified.

Mary Davis

Electoral Divisions: All
Local Government Act 1972

List of Background Papers

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

There are no equality issues associated with this report



devon**audit**partnership

Risk Management

Audit Committee

Risk Management

Mid-Year Update Report

November 2018



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Support, Assurance & Innovation

Introduction

Devon Audit Partnership (DAP) is supporting and facilitating the development of the Councils risk management framework and processes. This support is designed to assist members, senior management and staff in identifying risks, recognising and recording the "true" risk, mitigation thereof, and promoting effective monitoring and reporting of those risks. This report provides an update on developments with risk management and an updated position on risks recorded within the risk register to help the Committee fulfil its responsibilities in respect of risk management.

Background

As per the Risk Management Policy & Strategy document, the role of the Audit Committee in Risk Management is shown below.

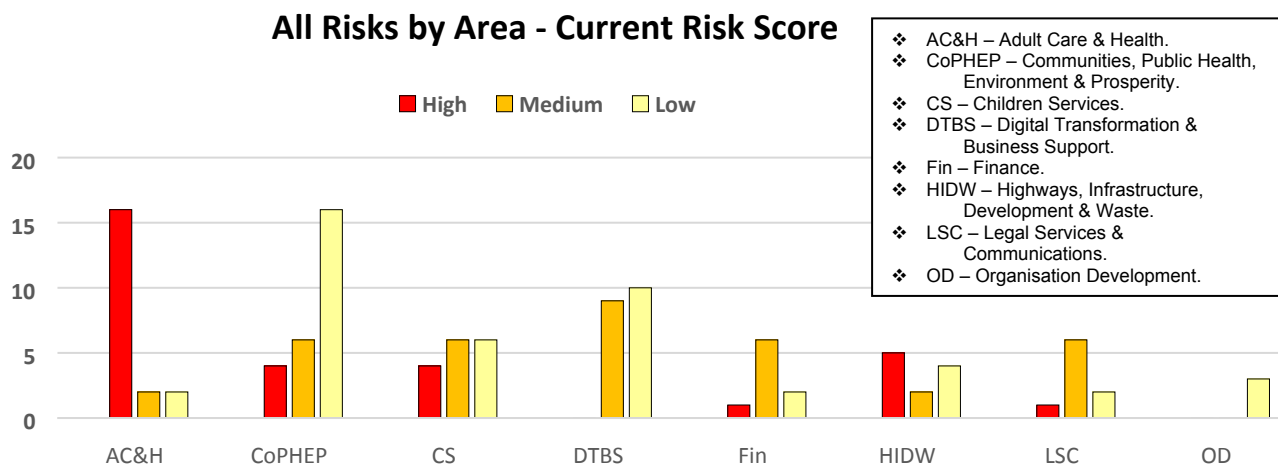
Audit Committee

The Audit Committee is responsible for ensuring that the council's Risk Management process is carried out effectively. It will not normally examine specific risks to objectives in detail but satisfy itself that risks are being monitored appropriately by the risk owner and relevant Scrutiny Committee. The Audit Committee may also consider the "top ten" risks to ensure that action is being taken to mitigate these risks. The Audit Committee will receive a mid-year and end of year report showing the "High" risks and other key developments within risk management.

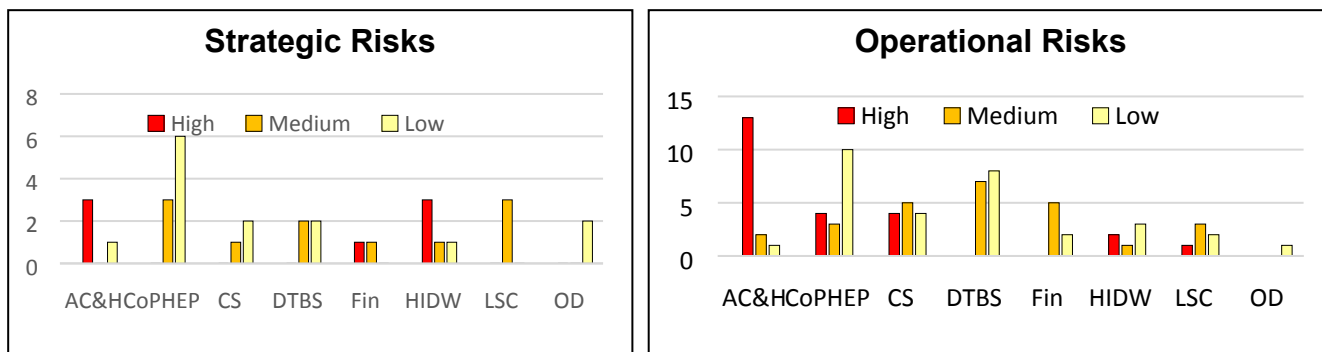
Development of risk management across the council has continued since the presentation of the Annual Report in early May 2018. This includes ensuring that reporting occurs at the correct times, that the data within the risk register is accurate and that risks are reviewed in line with policy requirements.

Current Risk Position

In respect of the risks that are known, assessed and being managed the charts below provide the summary position. There were 113 risks recorded in the Risk Register on 17 October 2018, 92 of which had an Inherent risk rating of High or above. This is considered an appropriate balance and indicates that the register is not diverting management attention to low level risks. The graph below shows all risks which have been identified, assessed and recorded with the Risk Register by their Current risk score and the Service Area in which they are recorded.



Further Context to this overall position is shown below where the risks are split into Strategic and Operational, again using their Current risk score.



Risk Review Periods

This table shows a simple guide to review periods based on the Current risk score. There is comprehensive guidance in the Risk Management Policy and Strategy Document on risk review and ongoing management expectations.

| Current Score | Review Period |
|-------------------|-------------------------------------|
| Very High | Monthly/Bi Monthly |
| High | Bimonthly/Quarterly |
| Medium | Every Six Months |
| Low | Every 12 Months |
| Low (7 and Below) | Only following a significant change |

Review of risks within the revised expected frequencies has improved over the last six months and communication of these requirements is ongoing, most recently at the annual meeting of the Corporate Risk Management Group. Based on the preceding trend and planned work, further improvements in compliance with the above review periods is expected to be reported in the 2018/19 Annual Report.

Risk Management Framework

The System used to record risks (the *Risk Register*) is being continually evolved and examples include:

- The addition of an “Objectives” field for each risk so that they can start to be mapped to organisational objectives and interdependencies identified.
- Recategorization of all risks as either Strategic or Operational, with the addition of further sub categories planned over the next 12 months.
- Simplification of the user interface so that risk can more quickly identified, and users can update their linked information more easily.

The *Corporate Risk Management Group* membership has been reviewed (now reflective of the LG8 Members) and roles clarified. The group’s annual meeting was held in October, with clear discussion of the importance of the right risks being recorded and the need for confidence in the consistency of scoring.

A Risk Management *eLearning package* is now available for Council staff and there is also an eLearning package available for Councillors.

The *Regional Risk Management Group* set up in spring this year as part of the work to enhance risk management across the Council continues to meet quarterly, sharing knowledge and best practice as well as working towards the creation of a Regional Risk Register for the Public Sector.

A high-level strategic risk linked to the budget pressure within *Children’s Services* is being finalised for inclusion in the Risk Register. Children’s Services management have provided the following comment in the interim.

Children’s Services is facing considerable financial pressures with escalating costs associated with providing appropriate support and accommodation for looked after children and those with the most complex of needs. A significant over spending is forecast. The ability to contain spend depends much on external influences. For example, market capacity and sufficiency, and the level of supply of suitably experienced and qualified social workers. The climate for both remains challenging. The scoring of this risk, and the identification of mitigating controls, is being worked up at present and once prepared will be added to the detailed operational risk register. In Education, the demand on the High Needs Block continues to rise, with costs substantially exceeding funding available. The authority’s own provision is almost at capacity with the difficulty remaining around the ability to meet the demand for placements without going to the costlier independent sector for children with more complex needs.

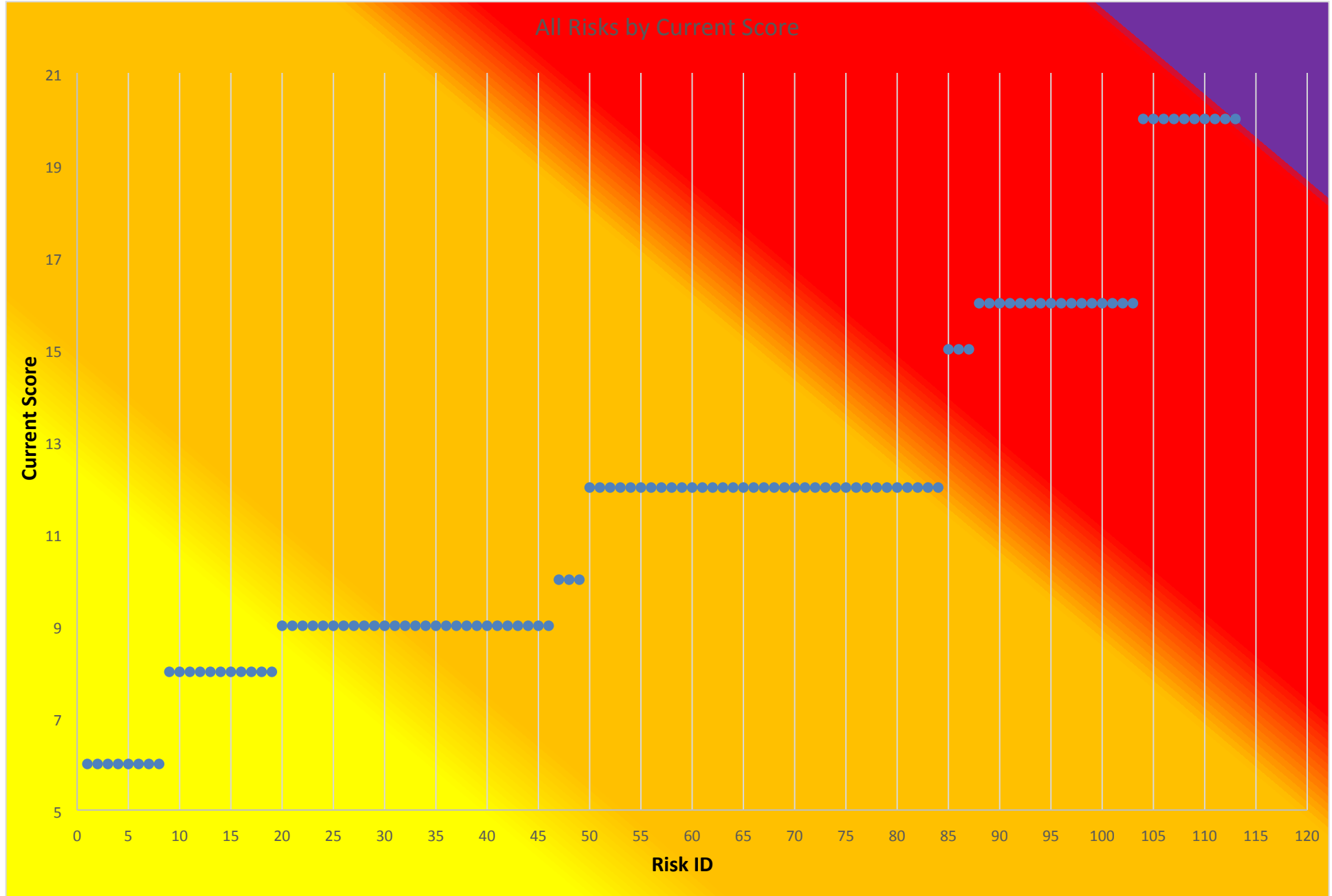
This risk is underpinned by several more operational risks for areas including the High Needs Block, Demand for Children’s Social Care, the Education & Learning Services Budget and Carefirst replacement.

There is a *Brexit* risk within the register which retains a Current score of High. The Senior Assistant County Treasurer, at the direction of the County Treasurer is chairing a group of Officers from across the council. This group is providing information which will/is being used to develop a greater understating of the potential impacts of Brexit, including ‘No Deal’, on the Council.

The format of future *Risk Management Reporting* to both Officers and Members continues to evolve. The longer-term aim is to provide dashboards with as close to live data as possible for the risks recorded within each service area. This will be supported by capturing issues that are emerging in a slightly different format and linking them to all known sources of information. This will commence the process of introducing Enterprise Risk Management and is explored further in Appendix1.

All Risk as at October 2018

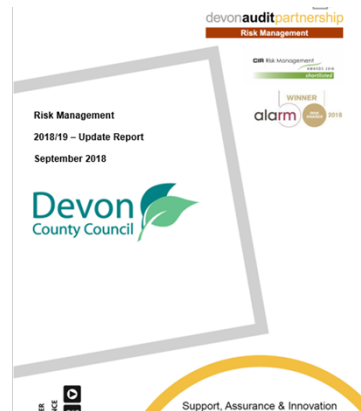
The “heat map” below shows the *Current* rating for all 113 risks (October 2018), with the Risk ID and corresponding Risk Title shown on the subsequent page.



Key - Risk ID vs Risk Title

| Risk ID | Risk Title | Risk ID | Risk Title | Risk ID | Risk Title | Risk ID | Risk Title |
|---------|--|---------|--|---------|---|---------|--|
| 1 | Infrastructure Grant provision to the Voluntary and Community Sector | 30 | DSVA Capacity | 59 | FIN40: Impact of reform of the Intermediaries Legislation (Off-Payroll working in the Public sector) | 87 | Potential Flu pandemic |
| 2 | Lack of cohesion in Children's Early Help services | 31 | Lack of a community development strategy for Cranbrook | 60 | FIN04 - Failure to Oversee Financial Performance of Commercial Enterprises in which DCC has influence | 88 | KS26: Demand resulting from Transforming Care Partnerships |
| 3 | 16/17yr old homelessness | 32 | Community Needs Assessment/Strategy fails to deliver improvements. | 61 | TG26: Assistive Technology | 89 | KS25: Obligations for the timeliness of annual reviews for adults |
| 4 | Emotional needs of children in care | 33 | Libraries - Capital programme | 62 | HR: Workforce and Succession Planning | 90 | KS23 |
| 5 | Early Years Provision | 34 | Libraries Unlimited - Library Management System | 63 | HR: Industrial Relations Climate | 91 | KS22: Transitions |
| 6 | Pplan Resilience | 35 | Libraries Unlimited unable to function effectively due to issues around the transfer and maintenance of ICT from DCC | 64 | HR: Health and Safety | 92 | Gypsies and Travellers sites in Devon |
| 7 | FIN07 - HMRC Tax Compliance Requirements | 36 | DRAFT - Strategic Priorities are not delivered due to lack of capacity or appetite from communities | 65 | BI21 - Successful Cyber Attack | 93 | Failure to adhere to the statutory SEND Code of Practice: 0 to 25 Years |
| 8 | BI20 - Physical / verbal abuse | 37 | Recruitment of foster carers | 66 | Potential legal costs/compensation for court cases or improper seizure or suspension of goods | 94 | Brexit - The UK's exit from the European Union results in financial and operational pressures which directly impact service delivery |
| 9 | DRAFT - Individuals who may be vulnerable to being drawn into terrorism or extremism | 38 | Operation, maintenance and replacement of key infrastructure (Waste) | 67 | TCS - Inadequate Public Transport Support Budget | 95 | TG30: Short term intervention |
| 10 | Early Help single inspection standard will not be met | 39 | Waste Growth | 68 | SP1: Flood Risk Management | 96 | HR: Employee Services: System Failures |
| 11 | HR: Appointment and Hiring of Consultants | 40 | Delivery of the Capital Programme | 69 | HM12: Failure to maintain the A and B road network effectively leading to reduced surface life | 97 | Animal Health Disease Control |
| 12 | FIN06 - Failure to Properly Plan Finance Workforce Requirements | 41 | KS5: Recruitment challenges | 70 | TG27: Mental Health Services redesign with Devon Partnership Trust | 98 | TG23: Workforce |
| 13 | PR18 - Procurement core budget relies on significant external income to balance | 42 | SPOC1: Failure to realise opportunities and insight derived from successful collaboration with key partners | 71 | SC1: Education and Learning Services budget availability. | 99 | TG11: Market Capacity: Adult Social Care (Personal Care) |
| 14 | PR02 - Inadequate spend data | 43 | SPOC15: Failure to prevent discriminatory practice/adhere to the Equality Act & Public-Sector Equality Duty | 72 | Demand for Children's Social Work | 100 | KS20: Care management capacity and effectiveness |
| 15 | ES02 - Non-Compliance | 44 | Care Leavers | 73 | PR11 - Lack of resource to support all early engagement requests | 101 | KS19: Continuing Health Care (CHC) |
| 16 | BI17 - Loss of connectivity to Public Services Network (PSN) | 45 | BI09 - Loss of the CSC Building | 74 | PR04 - Service resilience | 102 | KS9: Budget pressures and management |
| 17 | BI05 - Failure of Sodexo to manage the water safety issues (metals/legionella) at the six PFI schools | 46 | PR09 - Supplier brings a successful challenge in relation to a procurement | 75 | ICT02 - Loss of IT | 103 | Inadequate DCC access to diesel / petrol during a fuel crisis |
| 18 | BI14 - Maladministration by the LGO | 47 | FIN05 - Failure to Prepare or Control Robust Budget | 76 | ES01 - Reduced capital receipts | 104 | TG34: Additional one-off costs |
| 19 | SPOC16: Failure to properly implement Impact Assessment in effective decision making | 48 | FIN03 - Failure of supplier to maintain financial systems | 77 | BI13 - Reputational damage | 105 | KS27: Inadequate systems controls in place regarding CareFirst access |
| 20 | Schools Company | 49 | HR: Employee Services Safer Recruitment | 78 | BI07 - Call answering priority during an emergency | 106 | Recruitment and retention of Highways Engineering technical staff |
| 21 | Risk of Insufficient Staff Availability within Registration Services | 50 | FIN08: Corporate Criminal Offence | 79 | BI02 - Lack of "Volunteers" to run a Rest Centre | 107 | Insufficient capacity of the High Needs Block to meet demand |
| 22 | TG33: Lack of Business Continuity Planning | 51 | Insurance Risk - Vicarious Liability for Foster Carers | 80 | Inadequate Budget Setting Engagement | 108 | TG31: NHS Reconfiguration |
| 23 | TCS - Failure to Arrange Transport following a valid request | 52 | Voluntary & Community Sector does not have the capacity to support changes to delivery of community of Health & Social Care. | 81 | FIN39: Failure to deliver priority services as a result of significantly reduced finances | 109 | KS14: Deprivation of Liberties (DoLS) and Court of Protection (CoP) |
| 24 | TCS - Data Breach | 53 | Troubled Families implementation | 82 | BI06 - Data Protection breaches | 110 | HTM2: Lack of capacity or capability to respond effectively to highway safety related issues |
| 25 | Aligning Strategic Partnerships and Priorities around safeguarding/community safety | 54 | Managed implementation by OLM of a replacement to CareFirst for Children's Social Care | 83 | Inappropriate business practice or decision making as a result of poor of risk management practices | 111 | HTM3: Lack of capacity or capability to effectively respond to extreme weather events |
| 26 | Inadequate capacity/skills to fulfil statutory responsibilities in relation to Prevent/Channel/Community Safety/DHRs | 55 | Community Health Services | 84 | Disruption to DCC services (business continuity) | 112 | HTM1: Deterioration of minor road network due to insufficient maintenance. |
| 27 | Supporting the Safer Devon Partnership | 56 | Challenges in recruitment of permanent SW staff and managers (and implications) | 85 | Spread of Ash Die Back Disease (Highways and adjoining land) | 113 | TG20: Market capacity adult social care (Nursing Care) |
| 28 | Embedding Mental Health within Council Strategies | 57 | ICT05 - Shadow IT in Devon County Council | 86 | TG32 Social, Economic / Financial | | |
| 29 | Resources to respond to the needs and issues around Gypsies and Travellers across Devon | 58 | Shared savings (Waste) | | | | |

Reporting the risks that are identified and being managed



management framework and processes. This support is assisting members, senior management and staff in identifying risks, recognising and recording the 'true' risk, mitigation thereof, and promoting effective monitoring and reporting of these risks.

Background
We have been helping to enhance the foundations of risk management and providing constructive challenge and support to the data contained within the Risk Register. The Risk Register has been revised to more accurately reflect the current structure of the Council.

Risk Position
There were 110 risks recorded in the Risk Register on 20 August 2018. 53 of which had an inherent risk rating of High or above; this is considered an appropriate balance, and indicates that the register is not being dominated with low level risks. Management action has reduced the Current/Riskified risk score for 65 of these risks (70%) to Medium or lower.

26 risks remain as High or above which is net reduction of five since the last update.
The graph below shows all risks by their current risk score and the service area in which they are recorded. The graph reflects the spread of risk within the council.

Additional points to note include

- There has been an overall net reduction of 16 risks since the last update report. This includes the archiving of risks with a Current score below 8 (unless requested otherwise for the Risk Owner).
- Two new risks have been added since the last update report:
 - A risk of **recognition of a vacancy within Regeneration Services** (Current Score of 9, Low) and a **Recruitment and retention of Highways Engineering Technical staff** (Current Score of 20, High).
- Five further risks are in the process of being added by AC&A, the first being to the reorganisation of social care professionals, the second to work within the Autism and ADHD Team. The provisional Current risk score for both is in the High category.
- 23 of 26 risks with a Current score of High have been reviewed within the last three months.
- 26 of 39 risks with a Current score of Medium have been reviewed within the last six months.
- The scores for 65 risks remained static following their last review, 27 reduced and 8 increased.
- The greatest number of risks with a Current score of High or above sit within AC&A (5), followed by C&R and H&W with 15 each.



| Area | Risk Title | Description | Inherent Score | Current Score | Risk Owner | Accountable Officer | Review Date | Score Change | CG Comments |
|------|--|---|----------------|---------------|----------------|---------------------|-------------|--------------|-------------|
| AC&A | T&T: The way we deliver integrated services with health and other partners fails to deliver person centred care which promotes independence. | People benefit from care that is person centred and coordinated within settings across health and social care. Integrated integrated care is essential in ensuring people who use health and social care services. Following gaps and weaknesses in care should also be able to offer some opportunities for financial support. However, with the Social Care Green Paper now delayed until the autumn and future funding decisions linked to the next Comprehensive Spending Review, it is unclear when the next delivery process will be agreed. Funding of 10th services is known, there is risk that planning for integration may become disjointed. Although national challenges there are some local challenges in agreeing a shared vision, strategy and plans for integrated services and delivery. | 20, Very High | 20, High | Tim Gully | Jessie Stepien | 18 May 18 | 0 | |
| H&W | H&W: Lack of capacity or capability to effectively respond to extreme weather events. | Flooding, obstruction and structural damage to the highway or other transport infrastructure affecting citizens and property causing traffic disruption, economic and health impacts. | 24, Very High | 20, High | Joe Drury | Mag Booth | 17 Aug 18 | 0 | |
| H&W | P&M: Deterioration of motor road network due to insufficient maintenance. | Injury and delay to road users and damage to vehicles resulting from deterioration of C&D and individual road network due to insufficient planned and reactive Maintenance. | 24, Very High | 20, High | Joe Drury | Mag Booth | 18 Jun 18 | 0 | |
| AC&A | T&T: The council fails to meet its statutory market sufficiency requirement for general care. | The Care Act 2014 provides Local Authorities with a legal duty to ensure market sufficiency of services and quality services to meet needs. In the case of general care, in performing this duty the Local Authority must ensure that there are a variety of providers to choose from, providing a variety of services that services are high quality. There is a need for an assessment of current and likely future demand for services to ensure that providers can plan to meet that demand. The Local Authority also needs to work with the market to ensure sustainability in circumstances where it is operating effectively against circumstances where it is not. Identified mitigation cover off a range of circumstances that ensure the Authority has due regard to market capacity, stability, future demand and sustainability. | 20, Very High | 16, High | Tim Gully | Gin Hibbs | 06 Feb 18 | 0 | |
| AC&A | C&R: Demand for adult social care and health for working age adults (aged 16-64) exceeds financial provision putting the Council at risk. | Significant financial and demand pressures are evident within the system, particularly from the 16-25 cohort. This is evidenced in medical practice more young people are admitted without with increasingly complex needs, being longer and swelling their care cost off of which is putting significant pressures on the adult social care system. Overrun costs of the 16-25 cohort for adult care is now spent on supporting working age adults (aged 16-64). Based on budget projections resulting, additional pressures of £.4m in care costs are anticipated relating to working age adults with learning disability transitioning into adult social care in 2018-19. In addition, there are increasing pressures to support people with mental health in residential settings with limited C&R capacity for high capacity. Mitigating actions include strengths based practice approaches to reduce demand at the local level and working with external partners to ensure people are supported to live as independently as possible. | 20, Very High | 16, High | Keri Henry | Keri Henry | 17 Apr 18 | 0 | |
| H&W | Break: The UK's exit from the European Union results in financial and operational pressures which directly impact service delivery. | <ul style="list-style-type: none"> Increased costs to ensure compliance; Increased costs due to lost funding for EU funded programmes, including economic growth and regeneration, employment, environmental protection, research and development; Impact on local business / population and knock on effect to areas such as business | 20, High | 24, High | Melanie Thorne | Mary Duce | 01 Jun 18 | 0 | |

There is a natural lag between risks being identified and appearing on the Risk Register. This is due to the process of describing, scoring identify controls and agreeing actions. To address this gap, we are creating a Here & Now list!

Its purpose is to act as link which identifies new and current items of relevance and provides a link to information and items already established within the Risk Register. Development of this will continue with a view to better report integration, using for example Power BI or Sharpcloud, which will in turn support the introduction of Enterprise Risk Management.





