

**2018/19 Risk Management Mid Year Update Report for the Corporate Infrastructure and Regulatory Services Scrutiny Committee**

**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 as shown in this report.
- ii. that members note the highest scoring risks and consider these when creating future work plans.

The attached detailed report summarises the risk management position as a result of the work of council officers.

Page two includes a visual summary of the rating and allocation of all risks relevant to this Scrutiny Committee, with more detailed comments and analysis on page 3.

In addition, the report provides a detailed appendix (Appendix 1) which sets out the risks with a Current Risk rating of High or Medium as currently recorded in the risk register.

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>
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Nil

There are no equality issues associated with this report



devon**audit**partnership

**Risk Management**

**Risk Management**

**2018/19 Mid-Year Report**

**November 2018**



**Corporate Infrastructure and Regulatory  
Services Scrutiny Committee**

**CUSTOMER  
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## Introduction

Devon Audit Partnership (DAP) continues to support and facilitate 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 promote effective monitoring and reporting of those risks.

## Background

Development of risk management across the council has included the clarification of oversight and responsibility. The Risk Management Policy includes the following under the heading of Roles and Responsibilities for Scrutiny Members.

*Scrutiny Committees should be aware of the objectives of the service areas they oversee. Service Managers should identify risks to the achievement of these objectives and provide to Scrutiny a summary of these risks and the mitigating action/s (controls) that are being taking to reduce the risk to an acceptable/agreed level. Specific risks to objectives, in particular those that remain "high", may be discussed in detail and risk owners and accountable officers asked to provide further information.*

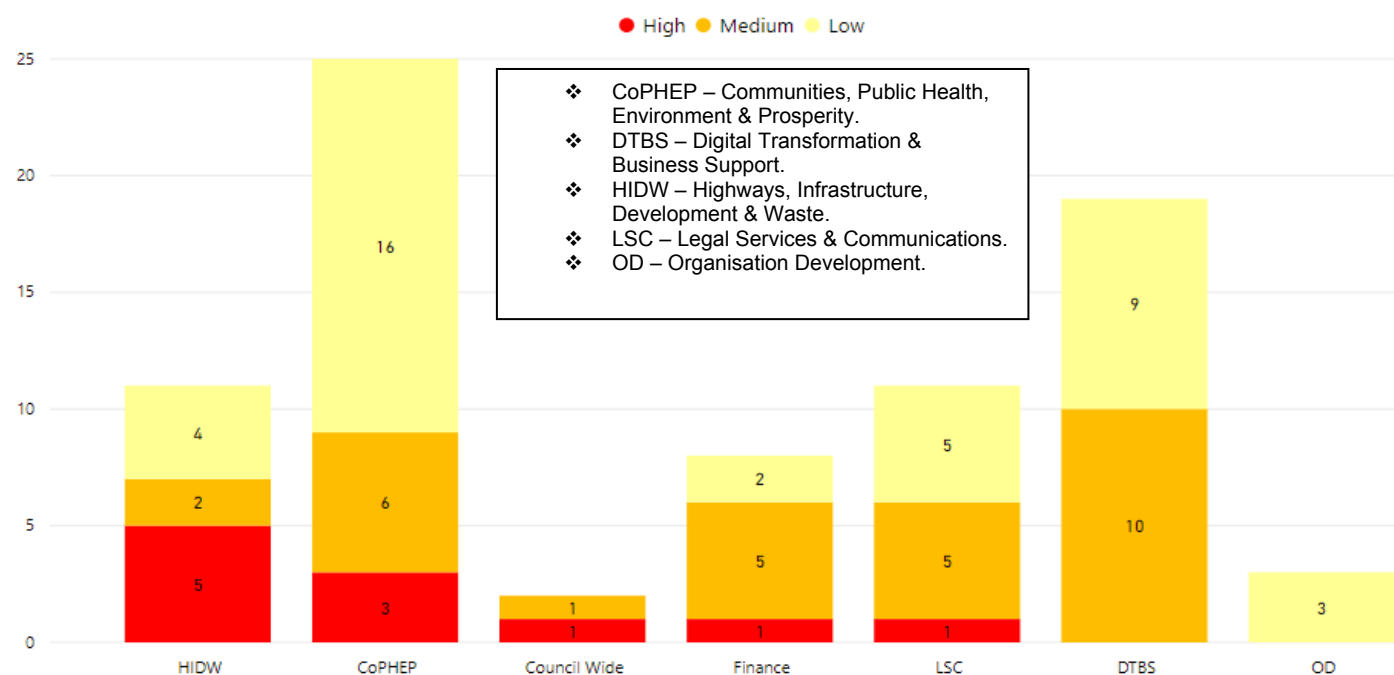
In practical terms this results in each of the Scrutiny Committees having oversight of the risks which are relevant to their areas, with the Audit Committee focusing on the process and effectiveness of risk management overall.

The system used to record risks helps to ensure that where a risk crosses over service areas all relevant Scrutiny Committees have visibility. The highest rated risks, strategic risks and those risks which cross service areas will also be noted within the Authority Wide Risk Register to support inclusive oversight and management.

Work is ongoing to further embed risk management across the council and ensure that the data within the risk registers is clear, accurate, relevant and importantly, linked to organisational objectives. Further details can be obtained from Devon Audit Partnership via Robert Hutchins (Head of Partnership) or Tony Rose, who will also be happy to receive your comments and thoughts on risk management within the Council.

## Summary Current Risk Position

There were 79 risks recorded in the Risk Register as at 7<sup>th</sup> November 2018 which link to the areas of responsibility for this Scrutiny Committee. The Chart below shows these totalled within their service area and by their Current risk score.



The Risk Management process identifies those areas where risk is currently considered to be greatest. Management of awareness of such risks ensures that focus and attention is in the “right areas”; although the risk may not always be reduced (as yet) to a desired level, the fact that it is being monitored will help to prevent the risk occurring and also limit the impact of the risk if it does occur.

Of the 79 currently recorded, 63 were initially assessed to be either “Very High” or “High”. Following mitigating controls being put in place by council management/officers, the risk score of 59 of these has reduced.

11 risks retain a rating of “High” and 26 a rating of “Medium”, with the remainder assessed as “Low”. Further details of the “High” and “Medium” rated risks can be found in Appendix 1.

All risks within the Risk Register have been given a Strategic or Operational categorisation. As would be expected Highways, Infrastructure, Development and Waste (HIDW) carry Strategic risks with a Current score of “High”. These are linked to road network maintenance, extreme weather and the longer-term issue of Ash Die Back Disease.

Brexit remains rated as a “High” Strategic category risk and the Senior Assistant County Treasurer, at the direction of the County Treasurer, is Chairing a group of Officers from across the Council who are looking at Brexit and its impact on DCC. The group is collating information which will be used to develop a detailed DCC focused Brexit Risk Register.

This Brexit Risk Register will be held and maintained within the group (as occurs within project management), with the data informing new risks for inclusion in the DCC Risk Register, as well as supporting reporting to the Leadership Group on potential Brexit impacts. Areas currently being assessed range from EU funding through to labour market impacts, civil unrest, election costs and food/farming.

Update work is ongoing in several service areas including Health & Safety where, for example, the existing risk will be split into two; with one risk looking at the supporting governance and structures for facilitating Health and Safety, and the second focusing on the operational delivery of good health and safety across the Council. This approach is aimed at ensuring that the overall management of Health and Safety can be more clearly identified and monitored through the corporate risk management process.

The risk information contained within Appendix 1 is extracted directly from the Risk Register and is sorted by the Current Risk Score, i.e. the score following the application of management actions to reduce the level of risk. All key details are shown including the those who are managing the risk on a day to day basis and any movement in scoring at the last review point.

An online Risk Management *eLearning package* is now available for Councillors. Should you wish to complete this please contact your Scrutiny Officer. If you would like more in depth training, please contact your Scrutiny Officer or Robert Hutchins/Tony Rose of Devon Audit Partnership.

Please note that 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 further supported by the capturing issues that are emerging in a slightly different format and linking them to all known sources of information and risks.

## Appendix 1 – Risk Register Extract

Service Area	Risk Title	Description	Risk Category	Inherent Score	Current Score	Risk Owner	Accountable Officer
HIDW - Highways and Traffic	HTM2: Lack of capacity or capability to respond effectively to highway safety related issues	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.	Operational	24: Very high	20: High	Joe Deasy	Meg Booth
HIDW - Highways and Traffic	HTM3: 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	Strategic	24: Very high	20: High	Joe Deasy	Meg Booth
HIDW - Highways and Traffic	HTM1: Deterioration of minor road network due to insufficient maintenance.	Injury and delays to road users and damage to vehicles resulting from deterioration of C Class and Unclassified road network due to insufficient planned and Routine Maintenance	Strategic	25: Very high	20: High	Joe Deasy	Meg Booth
HIDW	Recruitment and retention of Highways Engineering technical staff	Currently EDG Highways team have 10 vacancies, the result of which has limited capacity to deliver the highways capital programme,	Operational	20: High	20: High	Chris Dyer	Meg Booth
CopHEP - Communities	Gypsies and Travellers sites in Devon	Failure to support and work effectively with District Councils and housing providers to enable their provision of both permanent and temporary sites for the G&T community's results in a greater level of unauthorized encampments, animosity within the local community, a negative impact on the quality of life of a minority and local communities, as well as additional costs regarding repossession and restoration.	Operational	20: High	16: High	Nicola Glassbrook	Simon Kitchen
Devon Finance Services	Brexit - The UK's exit from the European Union results in financial and operational pressures which directly impact service delivery	As a result of the UK leaving the European Union and the subsequent changes the legal and regulatory environment as well as government policy there could be: <ul style="list-style-type: none"> <li>• a need for additional work to ensure future compliance;</li> <li>• increased costs to ensure compliance;</li> <li>• increased costs due to lost funding to EU funded programmes, including economic growth and regeneration, employment, environmental protection, research and development.</li> <li>• Impact on local business / population and knock on effect to areas such as business rates and employment levels.</li> </ul> The implications for Devon County Council from the UK leaving the EU are not yet known or understood, causing uncertainty in Council business, planning, and service delivery. There is also the potential for opportunities where regulation changes	Strategic	20: High	16: High	Matthew Thorpe	Mary Davis
LSC - Human Resources	HR: Employee Services: System Failures	System failure due to technical problems may result in employees not being paid on time or accurately	Operational	20: High	16: High	Wendy Smith	Jacky Wilson
CopHEP - Economy, Enterprise and Skills	Animal Health Disease Control	Additional costs and manpower requirements to respond to exotic animal disease spreading in the Devon and Somerset Communities	Operational	16: High	16: High	Dolores Riordan	Paul Thomas
Council-wide	Inadequate DCC access to diesel / petrol during a fuel crisis	DCC holds no bunkered fuel and would therefore be vulnerable during a fuel shortage. Access to mutual aid from LRF partners would be limited as more of them are also disposing of stored fuel. Where aid is available it is likely to be restricted to diesel. A national plan to assist key industries and services is in place but activation is likely to be too late to avoid shortages and disruption to services. It is the provision of social care that is of most concern.	Operational	16: High	16: High	Keith Reed	Nicola Channon
HIDW - Highways and Traffic	Spread of Ash Die Back Disease (Highways and adjoining land)	Because of the spread of Ash Die Back Disease and its likely infection rate of 95%, the need for intervention by the Council will increase, placing additional pressure on staff and finances. Failure to remove diseased trees, at an appropriate time, could result in fallen branches or trees, causing damage, injury or loss of life.	Strategic	20: High	15: High	Joe Deasy	Meg Booth
CopHEP - Public Health	Potential Flu pandemic	Risk of a significant influenza outbreak affecting service delivery due to impact on the public and staff. With an increasingly mobile world population the chances of this or a similar disease spreading globally is more likely.	Operational	15: High	15: High	Keith Reed	Nicola Channon
Council-wide							
LSC - Human Resources	HR: Health and Safety	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.	Strategic	30: Very high	12: Medium	Simon Bates	Jacky Wilson
DTBS - Customer Relations and Information Governance	BI13 - Reputational damage	Reputational damage from complaints	Operational	24: Very high	12: Medium	Helen Wyatt	Matthew Jones
DTBS - Customer Relations and Information Governance	BI06 - Data Protection breaches	The Council may incur fines and legal actions for damages following incidents of misuse, loss, accidental or deliberate disclosure.	Operational	24: Very high	12: Medium	Martin Lawrence	Gary Dempster
Devon Finance Services	FIN08: Corporate Criminal Offence	The Criminal Finances Act 2017 ("CFA2017") came into effect on 30 September 2017 and introduced the offence of 'Failure to prevent facilitation of tax evasion'. There are clearly severe risks of reputational damage to the Council arising from any involvement in a prosecution, potential changes to our HMRC risk rating, alongside risks of financial penalties / fines.	Operational	16: High	12: Medium	Raymond Rimes	Mary Davis
CopHEP - Communities	Voluntary & Community Sector does not have the capacity to support changes to delivery of community of Health & Social Care.	Due to the command and control approach by DCC and other public-sector bodies (as opposed to an outcome-based approach), the capacity of the Voluntary and Community sector to deal with the changes being planned and delivered may not be sufficient, resulting in Potential injuries to those waiting for care, Increased/unplanned costs for the public sector.	Strategic	15: High	12: Medium	Steve Edwards	Simon Kitchen
DTBS - IT Strategic Commissioning	ICT05 - Shadow IT in Devon County Council	There have historically always been "Shadow IT" departments in Devon County Council, for example, in Highways, HR and Finance where specialist departments deal with their own IT, referring to Corporate IT when required. However, increasingly the availability of often "free" and low-cost cloud software and apps, means that increased numbers of both individual users and business areas start using their own systems, often without any reference to Corporate IT	Operational	16: High	12: Medium	Martin Lawrence	Gary Dempster
Devon Finance Services	FIN04 - Failure to Oversee Financial Performance of Commercial Enterprises in which DCC has influence	Failure to oversee financial performance of various commercial enterprises in which DCC has a controlling influence e.g. PLUSS, NPS, NORSE and LDP. Failure could lead to significant financial issues - e.g. contract performance - as well as consequent impact on Council's reputation.	Operational	16: High	12: Medium	Matthew Thorpe	Mary Davis
LSC - Human Resources	HR: Workforce and Succession Planning	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 & Development definition of 'workforce planning'). This is exacerbated by: <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> </ul>	Operational	16: High	12: Medium	Helen Marsh	Jacky Wilson

## Appendix 1 – Risk Register Extract

Service Area	Risk Title	Description	Risk Category	Inherent Score	Current Score	Risk Owner	Accountable Officer
		<ul style="list-style-type: none"> <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>					
DTBS - IT Strategic Commissioning	BI21 - Successful Cyber Attack	Successful Cyber Attack on the Authority	Strategic	20: High	12: Medium	Martin Lawrence	Gary Dempster
CoPHEP - Planning, Transportation and Environment	TCS - Inadequate Public Transport Support Budget	Due to the withdrawal of commercial services, potentially higher tender prices and funding reductions, there may be a need for the Council to fill gaps in the bus network thorough additional support for services or pay more for the same services, resulting in a reduction of the bus services provided or Additional funding requirements. If, due to the above, services were cut, there would be significant impacts including on the economy, young people's opportunities, access to learning, training and employment, access to health services, community sustainability, and equality of opportunity (regardless of where someone lives or whether they have a car/ can drive). Under current policies DCC will have to ensure that a level of services is maintained in these circumstances – with a resultant additional cost to the budget.	Operational	18: High	12: Medium	Damien Jones	Dave Black
CoPHEP - Planning, Transportation and Environment	SP1: Flood Risk Management	Devon County Council became the Lead Local Flood Authority (LLFA) as defined by the Flood and Water Management Act (FWMA) 2010 and, consequently, 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. 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. [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.]	Operational	20: High	12: Medium	Martin Hutchings	Dave Black
HIDW - Highways and Traffic	HM12: Failure to maintain the A and B road network effectively leading to reduced surface life	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.	Strategic	20: High	12: Medium	Joe Deasy	Meg Booth
DTBS - Procurement	PR11 - Lack of resource to support all early engagement requests	Lack of early engagement restricts ability to add value	Operational	16: High	12: Medium	Nicola Tribble	Justin Bennetts
DTBS - Procurement	PR04 - Service resilience	Service resilience: succession planning and retention / recruitment of staff	Operational	20: High	12: Medium	Justin Bennetts	Justin Bennetts
DTBS - IT Strategic Commissioning	ICT02 - Loss of IT	Loss of whole of the ICT infrastructure (Datacentre) or telephony	Operational	20: High	12: Medium	Debbie Foweraker	Gary Dempster
DTBS - Property	ES01 - Reduced capital receipts	Reduced capital receipts from the sale of corporate properties	Strategic	20: High	12: Medium	David Bowles	Matthew Jones
DTBS - Property	BI07 - Call answering priority during an emergency	My Devon Customer Service Centre call answering priority during an emergency	Operational	16: High	12: Medium	Roger Jenkins	Debbie Foweraker
DTBS - Property	BI02 - Lack of "Volunteers" to run a Rest Centre	Due to staff availability / volunteers DCC may be unable to open a Rest Centre in an Emergency to offer a welfare support function (temporary shelter, warmth and refreshments) at a designated Rest Centre.	Operational	16: High	12: Medium	Liam Jennings	Matthew Jones
LSC - Communications and Media	Inadequate Budget Setting Engagement	A shortfall in meaningful, proportionate and reasonable engagement provision to inform DCC's 2015/16 budget setting process. Local Authority services operate under a wide range of legal responsibilities and statutory duties. Some of these are specific to the delivery of a service (for example, the legal duty to provide residential care), some protect the well-being of individuals (for example, health and safety law, anti-discrimination protections within the Equality Act 2010), and others apply more generally to decision making including: - Public Sector Equality Duty, Section 149 of the Equality Act 2010. - Section 3(2) of the Local Government Act 1999 (Duty to Consult). DCC budget setting decision-making, detached and set in isolation from the needs of the communities it serves, will have failed to apply established case law, i.e. the Brown principles, resulting in lack of consideration and application of the Public Sector Equality Duty (PSED) as well as failing to apply the Duty to Consult. This contradicts the values, credibility and successful delivery of DCC's Strategic Plan, Backing Devon and its engagement strategy, Engaging Devon.	Strategic	16: High	12: Medium	Tony Parker	Jan Shadbolt
Devon Finance Services	FIN39: Failure to deliver priority services as a result of significantly reduced finances	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	Operational	20: High	12: Medium	Angie Sinclair	Mary Davis
CoPHEP	Inappropriate business practice or decision making as a result of poor of risk management practices	Failure to conduct robust risk assessment consistently across the Council could result in gaps in control of risks and failure to deliver strategic and other priorities or realise opportunities.	Strategic	16: High	12: Medium	Mark Painter	Tracey Polak
CoPHEP - Public Health	Disruption to DCC services (business continuity)	An incident, internal or external, causing disruption to DCC services for which the Business Continuity Process is not robust enough.	Strategic	16: High	12: Medium	Keith Reed	Nicola Channon



## Appendix 1 – Risk Register Extract

Service Area	Risk Title	Description	Risk Category	Inherent Score	Current Score	Risk Owner	Accountable Officer
HIDW - Waste Management	Shared savings (Waste)	District council changes do not deliver the savings anticipated	Operational	12: Medium	12: Medium	Annette Dentith	Meg Booth
LSC - Human Resources	HR: Industrial Relations Climate	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	Strategic	12: Medium	12: Medium	Helen Marsh	Jacky Wilson
CoPHEP - Economy, Enterprise and Skills	Potential legal costs/compensation for court cases or improper seizure or suspension of goods	Potential of legal costs/compensation and damage to reputation of Service and Authority due to officers wrongly impounding goods etc.	Operational	12: Medium	12: Medium	Steve Gardiner	Paul Thomas
LSC - Human Resources	HR: Employee Services Safer Recruitment	Failure to appropriately identify safeguarding issues during the recruitment process	Operational	25: Very high	10: Medium	Andrea Owen	Jacky Wilson
Council-wide Devon Finance Services	FIN40: Impact of reform of the Intermediaries Legislation (Off-Payroll working in the Public sector)	Legislation has been implemented 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.	Operational	18: High	10: Medium	Raymond Rimes	Mary Davis
Devon Finance Services	FIN05 - Failure to Prepare or Control Robust Budget	Failure to prepare robust MTFP, managing cost pressures and preserving reserves and balances. Failure to develop financial management skills of budget managers, which could compromise budget control and service delivery. Failure to produce a balanced budget	Strategic	15: High	10: Medium	Angie Sinclair	Mary Davis