

2018/19 Risk Management Update 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 the Committee notes the ongoing updates to the risk management process as supported by Devon Audit Partnership.
- ii. that members note the current summary risk position.
- iii. that members note the attached Here & Now document.

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 in to the Risk Register, along with relevant contextual comments.

Appendix 1 of the report shows an extract of recorded Strategic and Operational risks.

Appendix 2 outlines issues with a current relevance, that in some cases may not yet be fully 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>
Nil		

There are no equality issues associated with this report



devon**audit**partnership

Risk Management

Risk Management

Update Report

Audit Committee

February 2019



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Support, Assurance & Innovation

Introduction

Devon Audit Partnership (DAP) is continuing to support and facilitate the development of the Council’s risk 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 those risks.

This report has been produced to comply with best practice governance arrangements. It presents a summary of the risk position and key information for those risks which have been identified, analysed, and recorded in the Risk Register. As per the Risk Management Policy & Strategy document, the role of the Audit Committee in Risk Management is as shown below.

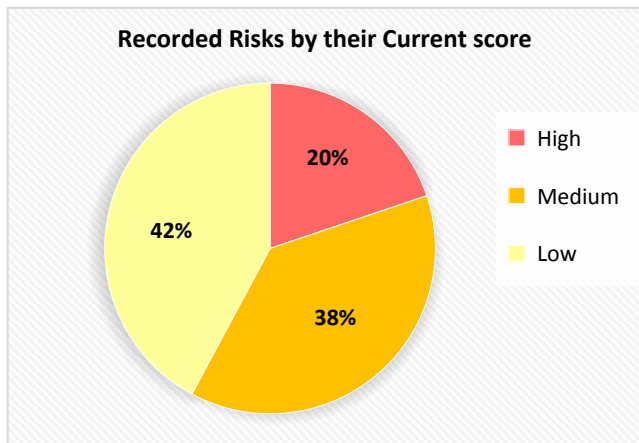
Audit Committee

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.

Summary

Overall Risk Position

In respect of risks that are known, assessed, managed and have been recorded within the Risk Register, the chart below shows the summary position based on the *Current* risk scores. The *Current* risk score is the estimated level of risk following implementation of mitigating actions by Management and Staff.

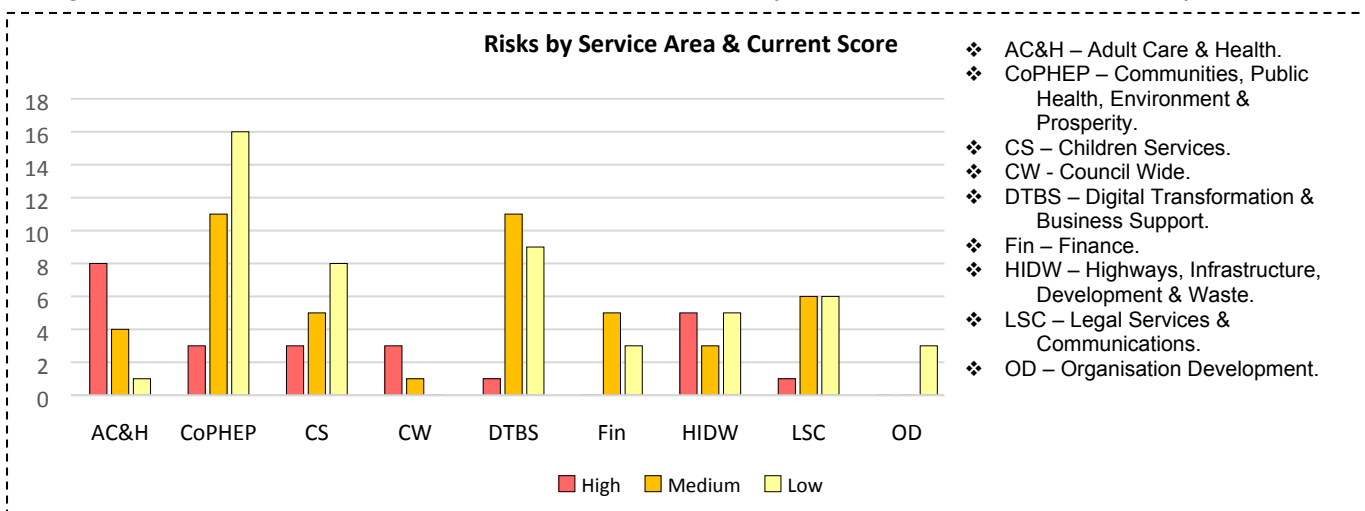


There were 121 risks recorded in the Risk Register on 18th February 2019, a net increase of eight since the last update in November 2018. This change continues the trend for the increased updating of the risks within the Risk Register.

94 of these had an *Inherent* risk rating (score before mitigation) of High or above, positive management action has reduced the *Current* risk score for 97 of the 121 risks to Medium or Lower.

This continues to indicate that the Risk Register is not diverting management attention to low level risks.

The graph below shows the risk information broken down by the service areas in which they are recorded.



Even with an increase in the number of risks recorded since the last update report in November 2018, the number of risks with a *Current* rating of High has reduced. This shows that the management of risk by Council officers is having a positive effect of the overall risk profile. Work is ongoing in respect of providing greater clarity of wording and harmonisation of scoring and if required the full Risk Register can be accessed [here](#).

General Comments

Efforts to gain more efficiency in the process of interacting and using risk information are progressing, focusing on the use of Power BI. Following a request from Members at Health and Adult Care Scrutiny, a demonstration was undertaken of how this may work. The following link shows the next phase of this development which aims to combined visual summaries with the ability for more in depth information if required. [Link to Visual Summary Data \(As at 23.1.19\)](#).

A recent change designed to further enhance Risk Management processes includes the addition of the Leadership Group as *User* to the Risk Register. This action is designed to give more automation to the reporting of risks which may be of relevance and interest to them, until the risk is reduced sufficiently to be managed at a less senior level.

Health and Adult Care

Those with oversight of Risk Management within AC&H have made a significant effort to update their risks. This has included a full review of all risks, rewording to clarify the different elements of each risk (Cause, Event & Impact), rescoreing of both the Inherent and Current scores based on DCC Guidance, and reassessing the implementation of mitigating actions and controls. The full impact on the AC&H risk profile and information will be seen by this Committee later in the year.

Risk Scoring

There is guidance in place to support the scoring of individual risks and as this is used to update recorded risks, it allows for a more accurate comparison of one risk to another. There is still room for interpretation and Children's Services recently suggested undertaking an exercise to compare their scoring to that in Adults. Guidance and individual exercises such as comparing with other areas is over time having a positive impact on the accurate scoring of risks.

Risk Wording

The structure of Risk Wording has been updated with an option to draft using *Cause, Event and Impact* as sub headings. This allows the identification of more than one Cause or Impact that may lead to or arise from a single event. In turn this helps to identify and join the mitigation and controls which may have previously been in separate risks.

Risk Training

A risk management eLearning package is available for Members and details can be provided on request.

There is a Brexit risk within the Risk Register which remains scored as High. As shown in Appendix 2 there are additional actions linked to Brexit such as the ongoing work with the Local Resilience Forum and the Devon County Council Chief Executive taking a lead role locally with MHCLG. However, the ongoing uncertainty on the way in which the UK will leave the EU on 29th March 2019 continues to limit the ability of the council to mitigate the potential impacts arising from Brexit.

Following the previous Risk Management report to the Audit Committee in November 2018, Children's Services have agreed an overarching risk which reflects the financial challenges being faced in the 2018/19 financial year, details of which are shown in Appendix 1.

The infrastructure risks from the incoming transfer of services from Virgin Care have been assessed and a formal risk drafted by Digital Transformation and Business Support to recognise the potential challenges and the transfer deadline of 01 April 2019.

In line with risk management best practice Appendix 1 has been added to show an extract of the highest rated Strategic risks (based on their Current score), along with some of the highest rated Operational risks (based on their Current score), and as per the information within the Risk Register on 18th February 2019.

Appendix 1 – Risk Register Extract

Appendix 2 – Here & Now Document

Appendix 1 – Risk Register extract, Strategic and Operational Risks

Strategic Risk Extract									
Area	Risk Title	Description	Current score	Current Rating	Risk Owner	Accountable Officer	Review Date	Score Change	Change Direction
CW	Brexit - The UK's exit from the European Union results in pressures which directly impact the Council's delivery of services.	<p>Cause - Referendum Decision to Leave the EU.</p> <p>Event - New arrangements need to be agreed for the relationship between the UK and the EU from 29 March 2019.</p> <p>Impact <u>No Deal Brexit</u> Return to WTO Rules, reduced trading, return to WTO Rules, increased cost of trading. Increased uncertainty on employment and residency for EU citizens. Decrease in labour market availability to support care needs. <u>Brexit with Deal</u> Additional work to ensure future compliance with EU Rules and Regulations that may still be in force or require adherence to for specific activities, along with increased costs to ensure compliance with all future legislation. <u>Both</u> Increased costs due to lost funding to 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 rates and council tax. Greater pressure on labour markets if EU nationals are not available to fill posts.</p>	20	High	Leadership Group 8	Leadership Group 8	January 2019	0	↔
HIDW	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.	20	High	Joe Deasy	Meg Booth	December 2018	0	↔
CS	Demand for Children's Services	Due to an increase in demand for the different services provided by the Children's Services teams, the budget set for the current financial year may be exceeded, resulting in a potential reduction of service delivery or the possibility of a failure to deliver statutory responsibilities.	16	High	Daryl Freeman Dawn Stabb Fiona Fleming	Jo Olsson	February 2019	0	↔
CW	Market pressures and the local economy.	Due to the increased pressure on enterprises operating within the local economy there is an increased risk that business will close or downsize, resulting in greater unemployment.	16	High	Jamie Evans	Leadership Group 8	January 2019	0	↔
AC&H	Demand for Adult Social Care	<p>Cause – Due to advances in medical practice more young people are surviving into adulthood with increasingly complex needs, living longer and out living their carers'.</p> <p>Event – Significant cost and volume pressures are being placed on the adult social care system. In addition to the increasing numbers of young people transitioning from children's services there are additional and increasing pressures to support people with mental health needs, particularly in residential care settings.</p> <p>Impact: Significant demand and financial pressures are evident within the system. Overall more of the adult social care NET budget is now being spent on supporting working aged adults (aged 18-64).</p> <p>Based on 3-year retrospective modelling, additional cost pressures of c.a. £1m are anticipated in supporting young people transitioning into adult care services.</p> <p>There is also significant pressure within the mental health system for residential care placements with demand and cost outstripping budget capacity.</p>	16	High	Keri Storey	Jennie Stephens	January 2009	0	↔

Appendix 1 – Risk Register extract, Strategic and Operational Risks

Operational Risk Extract									
Area	Risk Title	Description	Current score	Current Rating	Risk Owner	Accountable Officer	Review Date	Score Change	Change Direction
CS	Insufficient capacity of the High Needs Block to meet demand	Due to the ongoing HNB deficit budget and changes in the SEND Code of Practice including age range, Element 3 payments to maintained schools, cost of independent sector places and increases in capacity for Special Schools, funding remains insufficient to meet the demand to deliver the statutory requirements, resulting in reduced SEND outcomes for 0-25, reputational damage including fault found by Ombudsman, and legal challenges through SENDIST.	20	High	Julia Foster	Dawn Stabb	January 2019	0	↔
AC&H	Investment in workforce capacity and skills mix is insufficient to meet the changing nature and intensity of demand	<p>Cause Increased acuity of need for people who require support and intervention from community health and care services. Only short-term investment and targeted initiatives, e.g. Invest to Save, have been used to grow the workforce in recent years.</p> <p>Event That these initiatives increase the risk of destabilising teams required to deliver core care management functions.</p> <p>Impact There is a significant risk that the workforce is unable to deliver safe services to the required standard. Without properly planning ahead to meet projected changes in demand the workforce will not be developed and built to meet future requirements.</p>	20	High	Keri Storey	Jennie Stephens	January 2019	0	↔
HIDW	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.	20	High	Joe Deasy	Meg Booth	December 2018	0	↔
AC&H	Inability to recruit appropriately qualified adult social care professionals	<p>Cause Lack of suitable and appropriately qualified professionals available across the health and care system locally, regionally and nationally. High levels of competition across organisations which often offer better remuneration and terms and conditions than Devon County Council. Ageing internal workforce of Approved Mental Health Professionals (AMHP) and within the Emergency Duty Service.</p> <p>Event That the numbers of professionally qualified staff fall below that required to offer a safe and secure service. Care management throughput, particularly with regard to the timeliness of assessment and review are impacted adversely putting services users at risk of harm.</p> <p>Impact That referrals leading to assessment are not undertaken in a timely fashion leading to people waiting longer for the support they require, which could potential lead to heightened risk of harm. Reviews not undertaken in a timely manner leading to service users with possibly inappropriate packages of care (too high or too low) with associated financial consequences. Patients unnecessarily delayed in hospital longer due to inability to assess needs and procure services in a timely manner.</p>	20	High	Social care management information adults.	Keri Storey	January 2019	0	↔
CS	Failure to adhere to the statutory SEND Code of Practice: 0 to 25 Years	Failure to comply with the Code of Practice would negatively impact on the delivery of high quality, timely education and healthcare plans, resulting in decreased educational support and opportunities for those who qualify.	16	High	Julia Foster	Dawn Stabb	January 2019	0	↔

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 those risks.

Background

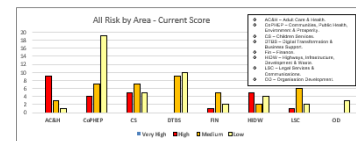
We have been helping to enhance the foundations of risk management and providing constructive challenge and support to the data contained within the Risk Register. The Risk Register has been revised to more accurately reflect the current structure of the Council.

Risk Position

There were 110 risks recorded in the Risk Register on 20 August 2018, 93 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 overstated with low level risks. Management action has reduced the Current/Residual 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 10 risks since the last update report. This includes the archiving of risks with a Current score below 8 (unless requested otherwise by the Risk Owner).
- Two new risks have been added since the last update report:
 - Risk of Insufficient Staff Availability within Registration Services (Current Score of Low), and
 - Recruitment and retention of Highways Engineering Technicians staff (Current Score of 20- High).
- Two further risks are in the process of being added by ACAH, the first linked to the recruitment 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 56 risks with a Current score of Medium have been reviewed within the last six months.
- The scoring for 65 risks remained static following their last review; 27 reduced and 9 increased.
- The greatest number of risks with a Current score of High or above sit within ACAH (5), followed by CS and H&W with 5 each.



Area	Risk Title	Description	Inherent score	Current score	Risk Owner	Accountable Officer	Review Date	Score Change	LC Comments
AC&H	TG11: The way we deliver integrated working with health and other partners fails to deliver person centred care which promotes independence.	People benefit from care that is person-centred and co-ordinated within settings across health and social care. Delivering integrated care is essential to improving outcomes for people who use health and social care services. Reducing gaps and inefficiencies in care should also be able to offer some opportunities for financial savings. However, with the Social Care Green Paper now delayed until the autumn and future funding decisions linked to the next Comprehensive Spending Review, delays within the NHS planning process (although the Quality Funding of NHS services is frozen), there is risk that planning for integration may become disjointed. Alongside national challenges there are similar local challenges in agreeing a shared vision, strategy and plans for integrated services and delivery.	25- Very High	20- High	Tim Goolby	Janine Stephens	18 May 18	05	
H&W	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.	24- Very High	20- High	Joe Deasy	Mag Booth	17 Aug 18	05	
H&W	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.	23- Very High	20- High	Joe Deasy	Mag Booth	18 Jun 18	05	
AC&H	TG11: The council fails to meet its statutory market sufficiency requirement for personal care.	The Care Act 2014 provides Local Authorities with a legal duty to ensure market sufficiency of diverse and quality services to meet needs, in this case personal 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 awareness 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 at 100% in circumstances where it is not. Identified mitigations cover off a range of circumstances that ensure the Authority has due regard to market capacity, stability, future demand and sustainability.	23- Very High	18- High	Tim Goolby	Jan Hobbs	06 Feb 18		05
AC&H	CS9: Demand for Adult Social Care and health for working aged adults (aged 18-64) exceeds financial provision puting the Council at risk.	Significant financial and demand pressures are evident within the system, particularly from the 18-25 cohort. Due to advances in medical practice more young people are spending less adulthood with increasingly complex needs, living longer and reducing their care. All of which is putting significant pressures on the adult social care system. Overall more of the NET budget for adult social care is now spent on supporting working aged adults (aged 18-64). Based on latest retrospective modelling, additional pressures of c.£1m are anticipated relating to young people with a learning disability transitioning into adult social care in 2018/19. In addition, there are increasing pressures to support people with mental needs in residential settings with both demand and cost outstripping budget capacity. Mitigating actions include strengths based practice approaches to reduce demand at the front door whilst transforming existing service provisions to ensure people are supported to live as independently as possible.	21- Very High	18- High	Keri Storey	Keri Storey	17 Apr 18		05
FIN	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"> Increased costs to ensure compliance; Increased costs due to lost funding to 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	18- High	Matthew Thorpe	Mary Davis	01 Jun 18		05

There is a natural lag between risks being identified and appearing on the Risk Register due to the process of describing, scoring identify controls and agreeing actions. To address this gap, we are including the latest Here & Now list! This document aims to bring together existing risks and link them with new and current items of relevance.

What's important here and now?





