

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 the committee notes the movement of risks during 2018/19.
- ii. that the Committee notes the changes and updates to the risk management process as supported by Devon Audit Partnership.
- iii. that members note the plans for enhancements for Risk Management for 2019/20.
- iv. that members note the summary risk position for current risks.
- v. that members note the 11 risks currently ranked the highest.
- vi. That the committee note that there have been no changes of note to the Risk Management Policy for 2019/10.

The attached report sets out the changes to risk management during 2018/19 and confirms the role of the Audit Committee as per the Risk Management Policy. It further summarises the existing risk position and links to visual reporting via power BI.

Appendix A Shows the top risks at the time of writing this report along with the mitigating actions.

Appendix B Shows the Risk Management overview and reporting schedule for 2019/20.

Mary Davis

Electoral Divisions: All
Local Government Act 1972

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

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

Nil

There are no equality issues associated with this report

CIR Risk Management
AWARDS 2018
shortlisted



devon**audit**partnership

Risk Management

Risk Management

Annual Report for 2018/19

May 2019



Audit Committee



Support, Assurance & Innovation

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

The Risk Management Policy includes a description of the Roles and Responsibilities in relation to risk management. In respect of the Audit Committee the wording is shown below.

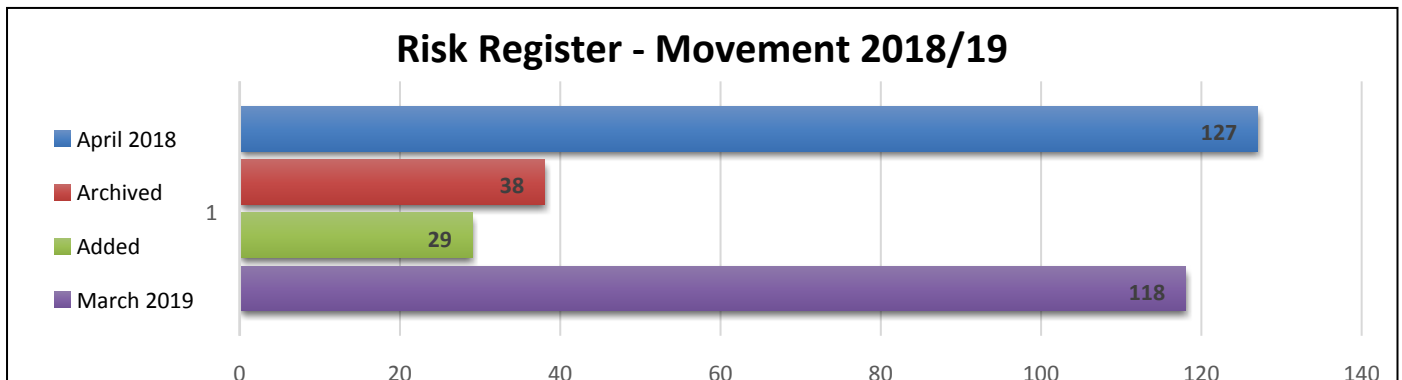
The Audit Committee is responsible for ensuring that the council's Risk Management process is carried out effectively. It will not normally examine specific risks to objectives in detail but satisfy itself that risks are being monitored appropriately by the risk owner and relevant Scrutiny Committee. 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 report at least twice yearly on new "High" risks and other key developments within risk management.

In practical terms this achieved through the receipt, review and discussion of the Risk Management Reports presented periodically to the Committee, enhanced by the subsequent actions determined by the Committee.

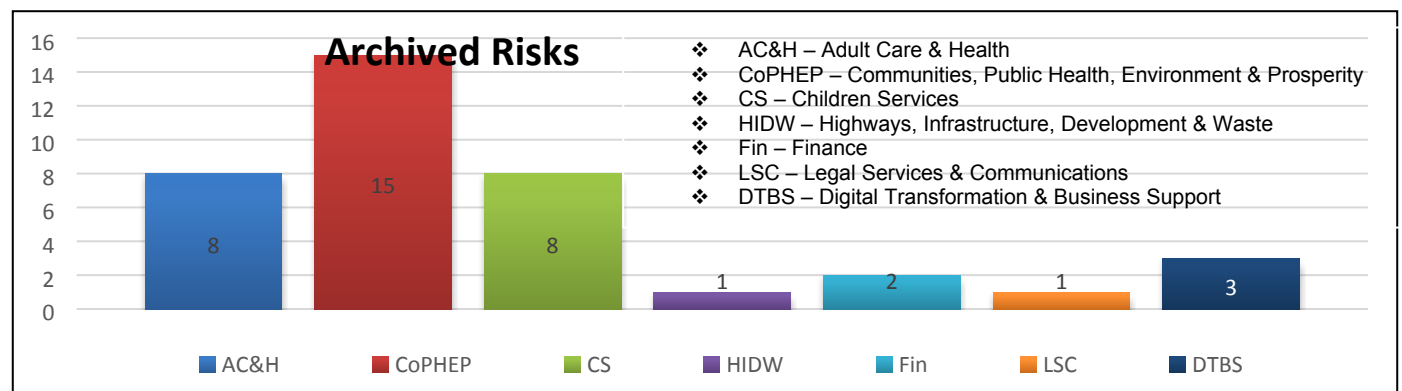
As communicated in previous reports the system used to record risks (the Risk Register) continues to be developed to ensure that risks can be recorded, reviewed and managed. Furthermore, work continues across the Council to ensure that the data within the risk registers is clear, accurate, relevant and importantly, linked to organisational objectives.

2018/19 Risk Movements

Changes during 18/19 have resulted in a net reduction of nine risks during 2018/19 as per the chart below.



The predominant reasons for archiving risks include the Current risk score falling below that set in the Risk Management Policy for monitoring, or risks evolving and been replaced by or merged with others.

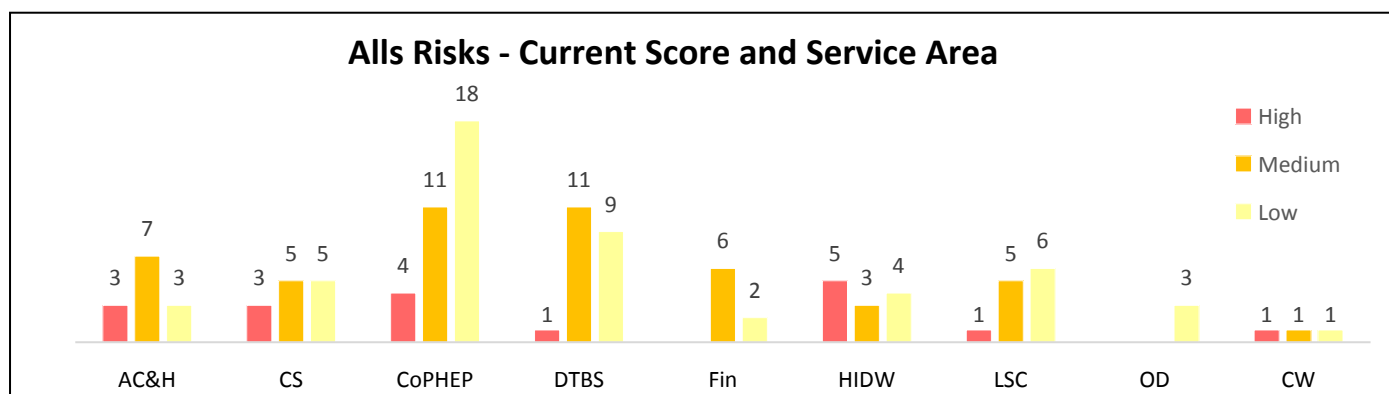


Further actions, changes and events during the year

- A comprehensive review, rewording and re-scoring of all Adult Care & Health risks - The Adult Care and Health Management team, in conjunction with their performance team and the Councils Risk Management Specialist have completed a detailed review of all of their risks.
- Development of Links with the Devon CCG Risk Management function – Due to the ongoing growth of links between Social Care and Health Services, the ability to combine risk information for the Adult Care and Health Scrutiny Committee has been explored and will be developed during the coming year.
- Automated Risk Review Reminders – The function to send email reminders to risk owners when risk reviews are due has been developed with the Risk Register. This function is linked to the corporate Risk Management Policy risk review requirements and the reminder can be sent to a generic team mailbox.
- Creation of additional Risk Registers – To maximise the value of the Risk Register platform it has been expanded. A new register has been created for use by Peninsula Pensions to allow them to move away from a spreadsheet-based register and maximise the value of aspects such as the automated reminder and ability to record risk update history. In addition, a register for projects is being developed to allow the Council to have a snapshot of the status of all ongoing substantial projects.
- The Risk Management Masterclass for Members which outlined the concepts of risk management and risks within the Council.
- Development of Power BI Dashboards – Power Bi development continues with a view to providing visual and more timely reporting linked to the Risk Register. This will be customised for Members, LG8 and individual Leadership Teams.
- Risk Register – The Risk Register continues to be updated and streamlined to allow quicker access to information and develop the information being recorded.
- Regional Risk Management Group – The regional group was set up in early 2018 has continued to expand, including a range of public sector representatives. Initial steps to create a high-level Regional Risk Register have commenced.
- The management and reporting of risks during 2018/19 continued to evolve and developed a positive culture of expectation around risk information. This has led to greater interaction and requests for enhancements, further growing levels of reporting, expectation and overall risks management.
- The Risk Management Policy has been reviewed to support Risk Management during 2019/20 and no changes of note have been made.

Current Risk Position

There were 118 risks recorded in the Risk Register as of 25th April 2019. Of the 118 risks, 18 have a Current risk score of High, 49 Medium and 51 Low. The following chart shows these risks by their Current (Residual) risk score and Service Area.



Further information on the latest position of existing risks can be found using the following link to Power BI Reporting [Power Bi – Current Risk Data](#).

Risk Management in 2019/20

Development of Risk Management will continue in 2019/20 building on the progress made to date. Future areas of focus will include:

- Updating the format of risk wording – This will allow easier description and wider understating of risks, along with a greater ability to clearly link the mitigations to the different aspects of each risk.
- Risk Scoring – Continued work to ensure that there is consistency of risk scoring across all areas, in turn allowing easier comparison and prioritisation of risks and response actions.
- Risk Appetite - Commencement of the drafting of Risk Appetite Statements for the various areas of the Council, in turn supporting consistent approaches and expectations for risk management.

All actions for 2019/10 will continue to support the enhancement of a positive risk management culture across the Council.

Supporting Appendices

Appendix A – Risk Register Extract (See the link above for access to the latest risk register information)

Appendix B – Risk Management Diagram and 2019/20 Reporting Schedule.

This table includes an extract of the risks with the highest Current score at the time of compiling this report.

Risk Title	Description	Service area	Inherent score	Current score	Risk Owner	Accountable Officer	Latest review	Change direction
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.	Highways and Traffic	25: Very high	20: High	Joe Deasy	Meg Booth	09 Apr 2019	↔
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.	Highways and Traffic	24: Very high	20: High	Joe Deasy	Meg Booth	09 Apr 2019	↔
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	Highways and Traffic	24: Very high	20: High	Joe Deasy	Meg Booth	09 Apr 2019	↔
BI22 - In-sourcing of Services into DCC	In-sourcing of significant services such as PHN/Short Breaks present a risk to DCC in terms of resources and responsibility.	Digital Transformation and Business Support	24: Very high	20: High	Matthew Jones	Matthew Jones	18 Apr 2019	↔
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.	Education and Early Help	20: High	20: High	Julia Foster	Dawn Stabb	23 Mar 2019	↔
Brexit - The UK's exit from the European Union results in pressures which directly impact the Councils 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.</p> <p>Impact/s</p> <p><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.</p> <p><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.</p> <p><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>	Council-wide	20: High	20: High	Roland Pyle	Leadership Group	03 Apr 2019	↔
Demand for Children's Services exceeds the financial provision	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.	Children's Services	24: Very high	16: High	Darryl Freeman	Jo Olsson	07 May 2019	↔

This table includes an extract of the risks with the highest Current score at the time of compiling this report.

Risk Title	Description	Service area	Inherent score	Current score	Risk Owner	Accountable Officer	Latest review	Change direction
KS9: Demand for adult social care and health for working aged adults (aged 18-64) exceeds financial provision.	<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>	Adult Care Operations and Health	24: Very high	16: High	Keri Storey	Jennie Stephens	21 Mar 2019	↔
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.	Education and Early Help	16: High	16: High	Julia Foster	Dawn Stabb	25 Mar 2019	↔
HR: Employee Services: System Failures	System failure due to technical problems may result in employees not being paid on time or accurately.	Human Resources	20: High	16: High	Wendy Smith	Jacky Wilson	28 Mar 2019	↔
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.	Council-wide	16: High	16: High	Keith Reed	Amanda Palmer	19 Mar 2019	↔

Details on the controls and mitigations planned or in place for the risks show above can be found on the following pages.

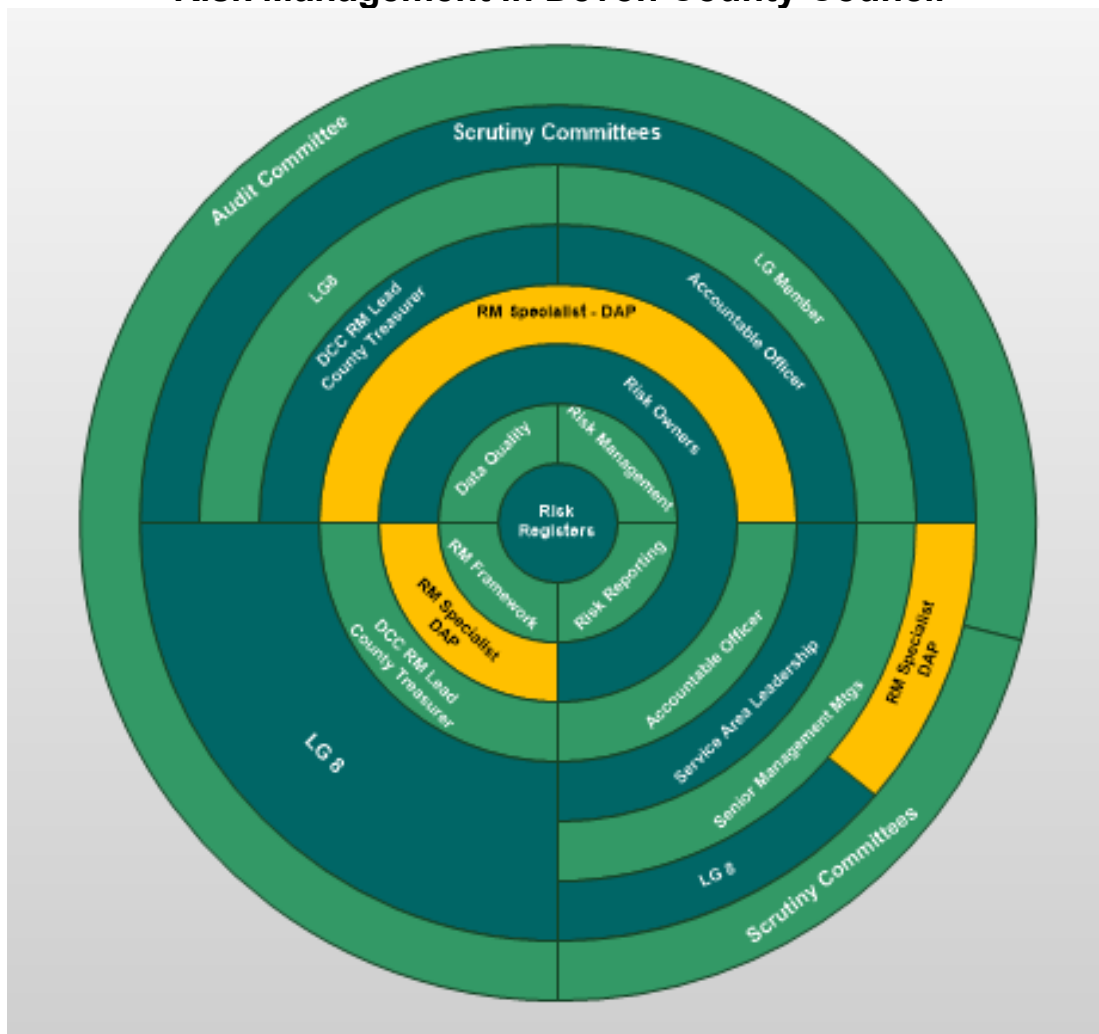
Risk Mitigations (RAG rated as per the Risk Register Entry)

The table below outlines the mitigations recorded against the risks identified above. Each mitigation has been rated as Red, Amber, Green or Completed by the owner of the action.

Risk Title	Current Risk Score	Controls and Mitigations					
HTM1: Deterioration of minor road network due to insufficient maintenance.	20: High	Green	<ul style="list-style-type: none"> Highway Monitoring Value for Money solutions Safety repairs Communication with stakeholders 	Red	Funding		
HTM2: Lack of capacity or capability to respond effectively to highway safety related issues	20: High	Green	<ul style="list-style-type: none"> Programme flexibility Staff training and audit procedures 	Amber	Highway Monitoring	Red	Safety repairs
HTM3: Lack of capacity or capability to effectively respond to extreme weather events	20: High	Green	<ul style="list-style-type: none"> Winter Service and Emergency Plan Highway Monitoring Delivery of Planned works Preparedness Asset Management 	Amber	Resources		
BI22 - In-sourcing of Services into DCC	20: High	Green	Cost of support services are being captured	Amber	In-sourcing Board convened to manage process Discussions occurring to agree and manage transfer		
Insufficient capacity of the High Needs Block to meet demand	20: High	Green	Quality assurance of provision and strategic market management - Good QA processes in place - recently confirmed in Independent review of EHCP policy and process.	Amber	<ul style="list-style-type: none"> A reduction in placements in the Independent sector, (management action has set a target to reduce by 40), achievement of this target is adversely affected by statutory protection given to parental preference. This is not being achieved - more and more demand for specialist placements exists - all maintained special schools places are full as of August 2018. Mitigating control is now looking at cost management in this sector. New Special School settings to be agreed Free school (Glendinning House) start date postponed by DfE to Sep 2020 New school (Charlton Lodge) agreed opening Sep 2019 with additional 30 places rising to 72 over next three years Cost analysis of Independent sector placements to achieve value for money in contracts with providers. Block contracting arrangements with preferred providers 	Completed	Capping of element 3 payments, Practice is implemented in mainstream schools, completion date of Dec 2018 planned. Increased capacity in maintained special schools. Forward plans proposed in SEN Strategic Review, additional capacity added over 130 places in last two years.
Brexit - The UK's exit from the European Union results in pressures which directly impact the Councils delivery of services	20: High	Green	<ul style="list-style-type: none"> Establish a Devon County Council Brexit website for key messages and signposting. Continue communications to DCC Members, staff, and Trade Unions. Continue to engage with MHCLG via the Chief Executives' regional communications network. Update, revise, prepare and publish business and service continuity plans. Support DCC staff who are EU citizens to register through the Government's EU Settlement Scheme. Participation in the Heart of the South West Brexit Resilience and Opportunities Group to help business and communities. 				

Risk Title	Current Risk Score	Controls and Mitigations							
			<ul style="list-style-type: none"> Situation reporting template available for DCC service leads to enable reporting to the Cornwall and Devon Local Resilience Forum. Responding to the forthcoming consultation on the UK Shared Prosperity Fund. 						
Demand for Children's Services exceeds the financial provision	16: High	Green	<ul style="list-style-type: none"> Regular review of Budgets to consider pressures and demand and to identify where costs can be reduced. Ongoing recruitment initiatives. Inclusion of risks in register including CS Demand, SEN and High Need pressures as well as some linked to Education such as transport. Provision of updates to LG8. 			Amber	<ul style="list-style-type: none"> Lobbying of Government to increase funding in this area. Use of meaningful KPI's. 		
KS9: Demand for adult social care and health for working aged adults (aged 18-64) exceeds financial provision putting the Council at risk	16: High	Green	Regular closer working with commissioners and development of a critical path across operations and commissioning.	Amber	<ul style="list-style-type: none"> Increased capacity within Autism Team and establishment of Disability County Team to complete reviews. Detailed programme of reviews and work to be completed to deliver savings. 	Completed	<ul style="list-style-type: none"> Establishment of disability practice lead post and workforce plan through BCF funding to improve practice and upskill workforce. Implemented revised in-house enabling offer 'reaching for independence' with closer joint working with community teams for enabling intervention to be considered at all reviews. 		
Failure to adhere to the statutory SEND Code of Practice: 0 to 25 Years	16: High	Amber	<ul style="list-style-type: none"> Partner and provider organisations plan and monitor compliance with code of Practice and report to SEND Improvement Board. Increased partnership working with schools and settings to reinforce partnership approach and consistent use of a graduated response across all schools. 	Red	<ul style="list-style-type: none"> Quality of EHCPs and contributing advice to be quality assured and on time. Timeliness of Final Plans to improve through advice contributions on time, steady rate of Plans produced. Demand will affect achievement of this as capacity remains the same. Parental experience in process to be managed alongside efficiencies to reduce anxiety while children are under assessment. Case management system is being considered through procurement with ICT commissioning. 	Completed	<ul style="list-style-type: none"> SEND Improvement Board in place with good attendance and sign up from all partner organisations. New process being put in place to address timeliness and quality of EHCP plans. Robust monitoring put in place. Quality Assurance toolkit agreed across all education, health and care services. Additional capacity has been agreed to add to SEN team in DCC to address volume of requests for EHCPs in Devon. 99% increase unprecedented in 2017. Capacity in place by April 2018. Review of partner service timeliness of contributions - Ind review identified late advice reduces possibility of meeting deadlines. Educational Psychology Service under Notice to Improve. 		
HR: Employee Services: System Failures	16: High	Green	<ul style="list-style-type: none"> Proactive controls. HRMS Project. Collaborative working. HR and ICT Business Continuity Plans. Monitoring of performance and careful planning of larger processes. 						
Inadequate DCC access to diesel / petrol during a fuel crisis	16: High	Green	Local LRF Planning	Amber	<ul style="list-style-type: none"> Highways contractors. Risk of a No Deal Brexit. 	Red	<ul style="list-style-type: none"> National Emergency Plan for Fuel 2017 Concerns over ability of social care providers to cope with a fuel shortage LRF Questionnaire on bunkered fuel 	Completed	<ul style="list-style-type: none"> National Fuel Plan (last updated early 2017). Mutual aid arrangements with others. Use of the military. Delays to the review of the national plan. Contact details for Designated Filling Stations. Escalated concerns to LRF COG Sept 2015.

Risk Management in Devon County Council



Leadership Group

The schedule for reporting to the Leadership Group is based on the regular provision of information, ideally at least quarterly.

The in-year update reporting the Leadership Group will contain information on the position of risks at that time along with relevant background and detailed actions linked to the further enhancement of Risk Management across the Council.

The Annual Report will highlight changes that have taken place in the previous year, detail the risk position at that point in time and make note of future plans for the development of Risk Management.

Member Committees

The reporting schedule for Member Committees includes an in-year update for the Scrutiny Committees, along with an Annual Report. These reports will focus on relevant risks for each area.

Reporting to the Audit Committee comprises an Annual Report and up to two in year updates. These reports will focus on the overall risk management process and identify the highest rated risks at that point in time.

Where possible these reports will be produced in conjunction with representatives from the different service areas to add further value to each submission.

Event	Date	Report Type
Audit Committee	May-19	18/19 Annual Report
Children's Scrutiny	Jun-19	18/19 Annual Report
H&AC Scrutiny	Jun-19	18/19 Annual Report
CIRS Scrutiny	Jun-19	18/19 Annual Report
Audit Committee	Nov-18	Half Year Update
Children's Scrutiny	Nov-18	Half Year Update
H&AC Scrutiny	Nov-18	Half Year Update
CIRS Scrutiny	Nov-18	Half Year Update