



devon**audit**partnership

**Risk Management**

**CIR** Risk Management

AWARDS 2020

*shortlisted*

**Risk Management**

**Update Report 2020/21**

**November 2020**



**Audit Committee**

**CUSTOMER  
SERVICE  
EXCELLENCE**



Support, Assurance & Innovation

## Introduction and purpose of this report

Devon Audit Partnership (DAP) continues to support and facilitate the development of the Council's 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 to promote the effective monitoring and reporting of those risks. Audit Committee are requested to:

- note the movement of risks during the first half of 2020/21;
- note the current risk position across the Council via the Power BI link;

## Changes in 2020/21

Changes since April have resulted in a net increase of 20 risks, in a large part linked to changes relevant to the ongoing Coronavirus Pandemic.

As would be anticipated, underpinning the most recent risk register and risk management activity are three clear drivers: -

- Covid 19;
- EU Transition; and
- The impact of public sector financial restrictions that are likely to occur due to both of the above and compound the current projections for 2021/22.

In anticipation of such pressures Finance colleagues have updated existing risks within the register that are linked to budget pressures; these are expected to increase, moving forward, as a result of the level of government funding committed to the Covid 19 response, and the subsequent messages from the Chancellor outlining a clear desire to "Balance the Books".

The challenging future financial position of the Authority will have an influence on many if not most risks, both existing and those being drafted, as mitigation activities come with some form of resource requirement, be that staff time or finance/funding.

The COVID 19 pandemic has had a clear impact on the operation of the risk management process; information contained with the Risk Register has been restricted by the ability of some officers to undertake the reviews as prescribed by policy.

It has also prompted wider consideration of the risks recorded, including potential gaps that are now present; for example, an exercise is underway with officers from the CoPHEP Service Area, the aim of which is to identify any gaps in the high-level risk's links to current service objectives.

There are now 34 Risks directly referencing COVID 19 within the Risk Register (at Oct 2020), up from nine in June, and 52 Risks which are likely to be impacted in some way as a result of the pandemic (down from 61).

The World Economic Forum published [preliminary mapping of COVID 19 Risks](#) and Impacts, with Economic risks regarded as the most challenging fallout from the pandemic.

EU Transition - The work undertaken to identify key risks at prior notable deadlines for EU Transition has been updated in light of the December 31<sup>st</sup> deadline. Risk owners have provided updates and they have been linked into individual risks in the EU Transition Draft Risk Register.

There is ongoing uncertainty around the level of national support that might be required to support EU Transition, which adds the potential for even greater financial restrictions across the public sector, particularly Local Authorities.

We note that on the 16<sup>th</sup> October 2020 the Prime Minister made a statement advising the UK to prepare for an "Australia" Style relationship, in effect leaving the EU without a trade deal of any kind. This position will increase the score of many EU Transition risks and is subject to change from any further UK EU negotiations. As at 12<sup>th</sup> November 2020 there was no indication that a deal was ready to be agreed.

Activity within the Adult Health and Care service has resulted in the addition of several risks, examples include: -

- *Lack of capacity and capability to support Emergency Planning;*
- *Inability to sustain financial support arrangements put in place during Covid 19 pandemic response phase;*
- *Judicial review from adult social care providers as a result of Covid 19 related financial decisions; and*
- *Additional financial pressures and savings requirements as a result of national austerity measures post-Covid 19.*

This is in addition to the revision of existing risks such as those linked to market sufficiency and budget pressures in light of potential national budget restrictions.

Risk activity within Children's services has been more focused on the response to the Ofsted Judgement, in particular the resulting improvement plan, and the service has advised that new risks are in the process of being drawn up.

Other risks have also been formulated and / or revised in light of the pandemic such as the increased risk of fraud resulting from the rapid increase pandemic support funds and the escalation of costs for capital projects.

Other notable actions include continued work with service areas and Risk Champions, to further develop and populate other risks for inclusion on the Risk Register, and the occurrence of the annual Corporate Risk Management Group meeting.

### **Corporate Risk Management Group Annual Meeting – Main Points**

- ❖ The Risk Management Service provided to DCC by DAP was [Shortlisted](#) for two [awards](#) via CIR Risk Management - the award ceremony is being held virtually in November.
- ❖ There was constructive challenge of the top-rated risks in respect of consistency of scoring. The corporate scoring guidance and categorisation of risks have helped to add context to the variety of risks with similar scores.
- ❖ Recognition of the opportunity that the pandemic has bought to take positive action in relation so some risks, such accelerated highway maintenance projects due to the quieter roads.
- ❖ Agreement to ensure that the Risk Management eLearning module becomes a standard part of the management induction process, and discussion and feedback of the Climate Change Resilience Assessment for use across the Council.
- ❖ The Group considered the outcome of an audit of specific risks, where key findings included the following improvement:
  - Clear improvement in the quality of risk information where Risk Management support was provided.
  - Improved risk scoring where the risk was more clearly articulated.

However, it was also reported that: -

- 60% of the risks recorded did not contain the objective which they impacted.
- Limited completion of the field "How control will be measured".
- Use of local risk registers reducing the effectiveness of the corporate system.
- Several cross-service risks, for which scoring is difficult to assess e.g. Climate Change.

The management and reporting of risks during 2020/21 continues to evolve and build on the positive culture of expectation around risk information. This leads to greater interaction and requests for enhancements, further growing levels of reporting, expectation and overall risks management.



## Risk Position November 2020

There were 124 risks recorded in the Risk Register as at 14<sup>th</sup> October 2020 and of these 11 were initially assessed to be Very High. Following the application of mitigating controls by management, the Current Risk Score for 11 was reduced. Overall, there are 34 risks with a Current Score of High and Above.

On occasion risks can have a Current Score which is higher than the initial Inherent score due to changing circumstances: currently this applies to: -

- *Insufficient capacity of the High Needs Block to meet demand (Children’s Services); and*
- *Prevention and Detection of Fraud (Covid Related).*

### Current Data – Link

Further information on the current position for existing risks can be found using this [link to Power BI reporting](#).

## Risk Management through 2020/21

Further consolidation and development of Risk Management activity will continue in 2020/21 building on the progress made to date. Future areas of focus will include:

- Updating the format of risk wording using the Cause, Event, Impact Model – 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 – Work with service areas to develop Risk Appetite Statements for the various areas of the Council, in turn supporting consistent approaches and expectations for risk management.
- Consideration of global, national and regional ‘external’ risks and their impact on the Council, it’s service and population.

Risk management activity in 2020/21 will continue to support the enhancement of a positive risk management culture across the Council.

## Background – Policy and Process

The Risk Management Policy includes a description of the Roles and Responsibilities in relation to risk management. In practical terms this results in the submission of Risk Management reports to Members biannually via the Audit Committees, and periodic sharing of risk information to Scrutiny Committees, including where risks cross over different scrutiny functions. To support the reporting to members and to comply with the Risk Management Policy and best practice, Leadership Group are provided with updates throughout the year.

## Supporting Appendices

Appendix A – Extract of a Sample of the Highest Rated Risks (Based on Current Risk Score).

Appendix B – DCC Impact Scoring Guide.

Appendix C – Power BI Extract.

**Appendix A – Extract of a Sample of the Highest Rated Risks Based on Current Risk Score. (Score of 16 or above)**

Risk Title	Linked Service Area	Inherent Rating	Current Rating	Risk Owner	Accountable Officer
<b>COVID - (Combined Score of 16 and Above)</b>					
Covid-19 Pandemic	CoPHEP Council-wide	30: Very High	24: Very High	Virginia Pearson	Leadership Group
Health and Safety	LSC	30: Very High	16: High	Simon Bates	Jacky Wilson
Mental Health issues and absence	Council Wide	18: High	15: High	Kim Traynor	Jacky Wilson
Increases in market pressures for sectors relevant to Devon result in higher failure rate and increased unemployment	CoPHEP - Council-wide	20: High	18: High	Jamie Evans	Leadership Group
BI21 - Successful Cyber Attack	DT&BS	30: Very High	20: High	Martin Lawrence	Gary Dempster
Prevention and Detection of Fraud	Council-wide	18: High	20: High	Ken Johnson	Robert Hutchins
HTM3: Lack of capacity or capability to effectively respond to extreme weather events	HIDW	24: Very High	20: High	Joe Deasy	Meg Booth
HTM2: Lack of capacity or capability to respond effectively to highway safety related issues	HIDW	24: Very High	20: High	Joe Deasy	Meg Booth
Insufficient staffing capacity to deliver full Public Health Nursing service offer	Children's Services	25: Very High	20: High	Julie Wilcockson	Kate Stephens
TG11: The council fails to meet its statutory market sufficiency requirement for personal care.	Adult Care and Health	20: High	20: High		
<b>Other Risks – Current Score is High or above (Only where the combined Score is 16 and Above)</b>					
FIN05 - Failure to Prepare or Control Robust Budget	DFS	15: High	20: High	Angie Sinclair	Mary Davis
Insufficient capacity of the High Needs Block to meet demand	Children's Services	20: High	24: Very High	Julia Foster	Dawn Stabb
Demand for Children's Services exceeds the financial provision	Children's Services	24: Very High	16: High	Rachel Gillott	Jo Olsson
KS9: Demand for adult social care and health for working aged adults (aged 18-64) exceeds financial provision	Adult Care and Health	20: High	20: High	Gary Patch	Keri Storey
EU transition - The UK's exit from the European Union results in pressures which directly impact the Council's delivery of services	Council Wide	20: High	20: High	Keri Denton	Leadership Group
Climate Change	CoPHEP	30: Very High	20: High	Doug Eltham	Dave Black



**Impact Assessment Guide**

	Health & Wellbeing	Service Users	Stakeholders	Reputation	Performance / quality standards	Legal	Financial	Pensions & Investments
<b>1</b> Negligible	Insignificant impact on public's health and wellbeing. Very small number of the population affected.	Minimal impact or service disruption to customers. Contained within service area.	Affects only 1 group of stakeholders	Minimal and transient loss of public trust. Contained within the individual service area.	No impact on local standards.	No legal action is anticipated.	Under £25,000	Under £100,000
<b>2</b> Minor	Minor impact on health and wellbeing affecting a small number of the population. Likelihood of fatalities is negligible.	Minor impact to customers and customer. Limited service disruption.	Affects more than 1 group of stakeholders	Slight loss of trust with no lasting impact. Little adverse publicity.	Failure to meet local standards.	Tribunal / DCC legal team involvement required (potential for claim).	£25,000-£100k	£100k - £1m
<b>3</b> Moderate	Significant impact on health and wellbeing affecting a large number of the population. Fatalities not anticipated.	Moderate impact to customers and customer. Moderate service disruption.	Affect 2-3 groups of stakeholders	Moderate loss of trust that receives significant adverse publicity locally with no lasting impact.	Failure to meet national standards.	Defensible legal action anticipated.	£100k - £1m	£1m - £10m
<b>4</b> Major	Significant impact on health and wellbeing affecting large number of the population. Fatalities are anticipated.	Significant impact to customers and customer. Threat of legal action	Affects 4-5 groups of stakeholders	Significant loss of trust and receives local media attention with potential for lasting impact.	Failure to meet professional standards / statutory requirements	Criminal prosecution anticipated and or civil litigation (1 person).	£1m - £10m	£10m - £100m
<b>5</b> Catastrophic	Large impact on health and wellbeing affecting a very large number of the population. Multiple fatalities are anticipated.	Major service disruption. Significant customer opposition. Legal action. Long term public memory	Affects more than 5 groups of stakeholders	Significant loss of trust and receives national media attention with potential for persisting impact.	Sustained failure to meet professional standards or statutory requirements.	Criminal prosecution anticipated and or civil litigation (>1 person).	>£10m	>£100m

1. Choose the relevant columns and note the closest description of potential impact.
2. Then use the score from the most relevant column. For example, if there may be a high financial impact, but the initial impact may be loss of life, choose the Health and Wellbeing Score.



See Accompanying PowerPoint document or click on the version embed below. The [Live link](#) is also in the body of the report above.

Note – This is a point in time extract, not a reflection of the data as it will be at the time of accessing via PowerBI.



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