



devon**audit**partnership

Risk Management

Risk Management

Update Report

September 2023



Audit Committee

**CUSTOMER
SERVICE
EXCELLENCE**



Support, Assurance & Innovation

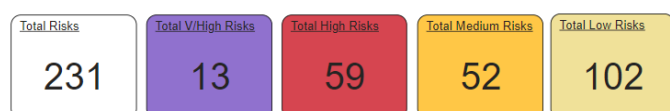
Introduction and purpose of this report

There has been much change to the Senior leadership Team across the Council, and this has come with an increased awareness of risk and an even more positive approach to risk management. Services are more engaged than they have been for many years, and this helps to support the identification and management of risks. Managing, identifying and mitigating risks is more important now than it ever has been, to increase the likelihood of success and to be more resilient to change and challenges.

Devon Audit Partnership (DAP) continues to support the Council in its vision to “manage potential opportunities and threats in achieving its objectives”.

This risk update serves as a comprehensive overview for the Audit Committee, providing insight into the current risk performance, current work and tasks, trends and noteworthy points or topics.

Risk in Numbers.



The above graphic details the current risk information as of 23rd August 2023. Clearly our attention is on the risks that have the highest score, the 13 risks that has the ‘Very High’ rating are:

Children & Young People’s Future	High Needs Block
	Managing unit cost pressures
	Savings and cost management strategies
	Education and Learning: High Needs Block/DSG Deficit
	Demand for Children’s Services exceeds the financial provision
	Demand for Childrens Social Work
Integrated Adult’s Social Care	Failure of the Authority to meet its statutory obligations under The Deprivation of Liberty Safeguards (DoLS)
ICT	Corporate Services - Cyber Security
	Successful Cyber Attack
Finance & Public Value	Exeter Science Park (loan guarantee)
E&EH	Insufficient capacity of the High Needs Block to meet demand
	Education and Learning Services budget availability.
Public Health	Covid-19 Pandemic

Risk Update.

In recent months we have provided facilitation and support to the council’s service areas. We have paid special attention in the Finance and Public Value (F&PV), in which we have provided guidance in the following;

Budget Book Risks.

During 2022, the decision was made in collaboration with F&PV to introduce a specific risk area to respond to the challenge of budget goal achievement, tied with the pressures of the 'Cost-of-Living' crisis.

Currently, 67 risks sit under this risk area, the classification of these risks are detailed below;



The Risk Management (RM) team has been tasked with providing support to the Budget Management Group (BMG) to provide challenge and support around these risks. There is a desire from the leadership in F&PV risks should be regularly reviewed to respond to changes in the internal and external environment and to support the relevant officers in the achievement of goals.

The RM team now regularly attend the BMG meetings, to offer challenge and support to increase the overall accountability and increase the likelihood of success. There are future plans to support the regular 1-2-1 discussions with the accountancy team and relevant service area officers to utilise RM tools and processes to increase success.

Clearly, budgets are of high concern and present a very real risk, and therefore the council must mitigate these to reduce the potential severity and likelihood of them occurring, we are pleased to be engaged in this area.

Future Finance Project.

Another key area in F&PV is the project to support the replacement of its legacy finance system 'Finest'. The contract has now been signed with Unit 4 and the project can now proceed in the implementation of the new system.

Risk identification, analysis, mitigating, support and facilitation services have been provided for this project. Following a recent meeting with the Project Manager from Unit 4, she fed back on how pleased and impressed she was with the amount of work that had taken place on Risk Management, a positive for the project and RM Teams.

Work continues to ensure that the risks are captured and recording on the corporate risk register. The risk themes and stages are recorded as follows;

Failure of Project Control - The risk that the project does not adequately put in place the measures required to control the project to time, quality, and budget; this includes risks around adequate project resourcing to achieve tasks. Non-achievement of this goal could lead to Major consequence for the council.

Failure of Long Term Benefits - The risk that the system is not well implemented and as a result does not support the achievement of the long-term transformation in financial management that is desired; this includes risks around user acceptance of the system risk such that, while functionally adequate, the system is not accepted by all or some users leading to dissatisfaction and inefficient practice. The impact of this risk occurring could have a major impact on the council as its staff will not be able to utilise the new system correctly and morale will be impacted with those that are using the system.

Functional Failure - The risk that we lose control of our finances and are unable to account (pay or receive funds) or make financial transactions as per statutory duties. Without being able to pay our creditors and receive incoming funds could have Catastrophic consequences.

SEND Finance

We continue to attend weekly meetings supporting the response and management of SEND financial challenges with finance and children's services colleagues.

Business cases are in the process of being submitted to central government and on each case, risks have been identified and scored accordingly. We have provided support and facilitation to this project and will continue to provide these services with the new SEND Improvement Director and programme manager.

Changes in the risk picture;

Appendix A details the change in scoring (if applicable) to risks rating as 'Very high'.

CYPF 'High Needs Block' risk has increased by 14 points – this change was registered by the Head Accountant and service area lead in February 2023 to reflect the current position of the risk and the budget attached to it. Whilst the Head Accountant remains a key stakeholder in this risk, the service area manager holds overall responsibility of the mitigating controls.

CYPF: Managing unit cost pressures increased by 8 points – this change was registered by the Head Accountant and service area lead in February 2023 to reflect the current position of the risk and the budget attached to it. Whilst the Head Accountant remains a key stakeholder in this risk, the service area manager holds overall responsibility of the mitigating controls.

Education and Learning: High Needs Block/DSG Deficit increased by 8 – this change was registered by the Head Accountant and service area lead in February 2023 to reflect the current position of the risk and the budget attached to it. Whilst the Head Accountant remains a key stakeholder in this risk, the service area manager holds overall responsibility of the mitigating controls.

CYPF: Savings and cost management strategies increased by 12 points – this change was registered by the Head Accountant and service area lead in February 2023 to reflect the current position of the risk and the budget attached to it. Whilst the Head Accountant remains a key stakeholder in this risk, the service area manager holds overall responsibility of the mitigating controls.

The above risks are due for further review in September 2023, we expect the risk scoring to remain consistent or reduce as significant work has taken place across the Council to address the above risks, ensuring mitigating controls and actions are in place. Also, as mentioned above, collaboration with the relevant officers and managers (both in SEND and Finance) is taking place but increases in the risks are indicative of the impact on the council.

Other areas of focus:

IASC Peer Challenge.

The risk management team fed into the recent IASC Peer Challenge on 20th July 2023. The key points covered were;

- Risk management approach in directorate and corporately including to inform political and office decision making.
- Analysis of key risks facing adult social care and their mitigation.
- Use of risk in assurance e.g., to inform audit programme, change programme.
- What happens when risks become manifest?

Corporate Risk Management Group.

Each of the service areas at the council have a risk representative, referred to as a risk champion ([Risk Management - CRMGMembership.pdf - All Documents \(sharepoint.com\)](#)). We work closely alongside these officers to ensure the management of risk met according to the council's framework and policies.

We meet with these champions every quarter for one hour and think carefully about the content to ensure time is well spent. The Councils Audit committee Chair, Cllr Scott, attended the last session to share Member's thoughts and position on risk.

The council also benefits from our creation and chairing the Regional Risk Management Group. This group is made up of several risk experts from other public bodies across the South-West, including the Met Office, NHS, Police and others. This gives the team the opportunity to understand and identify cross cutting risk in the local and national context.

Horizon Scanning

The RM team continue to monitor the internal and external environment for upcoming potential risks and events that could significantly impact the council's ability to deliver its statutory services or achievement of its objectives.

We are exploring the overall impact and likelihood of 'Artificial Intelligence' on the council, we have reached out to our F&PV colleagues and delivered a training session and used the responses, questions, thoughts and comments to form part of our risk analysis going forward.

As part of looking forward, we are reviewing the 'National Risk Register' issued by central government, to ensure we have recognised the relevant risk to the council.

[2023 NATIONAL RISK REGISTER NRR.pdf \(publishing.service.gov.uk\)](#)

CIR Shortlisting – Risk Management Awards.

We are thrilled to share that Devon Audit Partnership have been shortlisted in the Public Sector Risk Management Award at the CIR Awards 2023. We are very proud of this and are looking forward to the announcement of the winners in November 2023.

Public Sector Risk Management Award

- Devon Audit Partnership
- Faithful+Gould & National Highways
- Greater Manchester Police & BlackBerry
- The Risk Management Specialism in Defence Equipment & Support (DE&S) - Ministry of Defence



Supporting Appendices

Appendix A – Extract of the current highest risks the council faces (Based on Current Risk Score).

Appendix B – DCC Impact Scoring Guide.

Appendix C – Power BI Extract.

Power BI Link; [All Risk Reports - Power BI](#)

Appendix A – The Highest Rated Risks Based on Current (Mitigated) Risk Score.

Risk Title	Description	Service area	Risk category	Current impact	Current likelihood	Current score	Risk owner	Accountable Officer	Change direction	Score change since last review
CYPF: High Needs Block	The significant risk that the High Needs Block spend does not return a balanced budget. The continued growth, in recent years, of EHC plans with no facility to reduce external demand has meant the DfE HNB grant has seen a significant overspend. The cost of educating pupils with complex educational and physical needs can also be significant and volatile. In particular the number of students remaining in Education post-16 is rising. The deliverability of a balanced budget requires providing early support so more children have their needs appropriately met in mainstream schools and successfully increasing capacity in our maintained special schools so we can disinvest from the more expensive independent sector. There is also a risk of more permanent exclusions and an increase in harder to admit children.	Children and Young People's Futures Education and Early Help Budget Book risks	Financial	5 : Catastrophic	6 : Almost certain	30 : Very high	Adrian Fox	Kellie Knott	↑	+14 (last reviewed in February 2023)
CYPF: Managing unit cost pressures	The spend on placements to support children in care in Devon has risen from 46% of total spend on Children's Social Care five years ago to 51% in 2021. The average weekly cost of residential placement has grown and is on average £4,800 per week compared with £3,100 over the same time. Local authorities are competing for limited places and the risk is that costs continue to escalate as a result.	Children and Young People's Futures Children's Social Care Budget Book risks	Financial	4 : Major	6 : Almost certain	24 : Very high	Karen Powlesland	Jassi Broadmeadow	↑	+8 (last reviewed in February 2023)
CYPF: Savings and cost management strategies	Ensuring each child is in the right place to meet their needs at the right time at the right place depends on market sufficiency and managing price and volume demand. Savings are predicated on the basis that the market is able to respond sufficiently and placements can be made close to home where appropriate and represent Best Value. Expanding access for families to a broader	Children and Young People's Futures Children's Social Care Budget Book risks	Financial	4 : Major	6 : Almost certain	24 : Very high	Karen Powlesland	Jassi Broadmeadow	↑	+12 (last review February 2023)

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	range of resources enabling them to tap into a wider network of support relies on the continuation of grant funding streams such as the Housing Support Fund, and access to community groups providing practical assistance and other support.									
Education and Learning: High Needs Block/DSG Deficit	The unmitigated risk of continuing to meet demand for EHC plans and independent/non-maintained sector placements would lead to topping out/cumulative deficit of £150 million by 22/23. The impact of mitigating this by stepping up early intervention and SEN Support would mean that children and young people's needs would be met earlier and locally. A significant number of young people would prepare for adulthood within their community with the development of the PFA pathway. The outcome would be a balanced budget of £138.9 million. This is our recovery plan agreed and scrutinised by DfE's safety valve intervention programme. The risks in relation to wider stakeholder engagement, parental confidence, joint work across education, health and social care, would be mitigated through collaborative working, and recruitment through a county wide drive.	Children and Young People's Futures Education and Early Help	Financial	4 : Major	6 : Almost certain	24 : Very high	Kellie Knott	Stuart Collins		+8 (last reviewed February 2023)
OSLT-CM1 Failure of the Authority to meet its statutory obligations under The Deprivation of Liberty Safeguards (DoLS)	<p>Cause -</p> <p>2014 Supreme Court judgement P v Cheshire West and Chester Council and P & Q v Surrey County Council" lowered the threshold for what amounts to a deprivation of liberty. Individuals who lack capacity in relation to their care, treatment and place of residence and are subject to continuous supervision and control, not free to leave their care setting and the care is imputable to the state, are deprived of their liberty.</p> <p>Event -</p> <p>Greater numbers of individuals likely to be experiencing a deprivation of their liberty than pre-Supreme Court ruling. Without assessment and authorisation under DoLS or applications to the Court those individuals are unlawfully deprived and not able to easily access safeguards such as Advocacy, regular review and independent oversight by specialist assessors and appeal to the Court.</p> <p>Impact -</p> <p>The Council fails to meet its statutory obligations regarding the application of The Deprivation of Liberty Safeguards (DoLS) and Community Deprivations of Liberty. As a result, individuals are put at unacceptable risk of Human Rights breaches, overly restrictive practices and a</p>	Adult Care Operations and Health	Operational	4 : Major	6 : Almost certain	24 : Very high	Sandra Geary	Gary Patch		0

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	lack of legal recourse to appeal to the Court of Protection. An inability to assess High Risk cases where the individual / family are objecting and cases which require recourse to the Court. Potential for high level fines / financial and reputational damage to the Organisation.									
Corporate Services- ICT	Nationally the threat of Cyber Security is a growing risk, and the County Council must ensure its staff and Members have sufficient skills to operate technology in a secure way to protect the data assets of the Council.	Budget Book risks IT Strategic Commissioning	Financial	4 : Major	6 : Almost certain	24 : Very high	Risk to be re-assigned	Gary Dempster	⇄	0
Exeter Science Park (loan guarantee)	The Science Park Innovation Centre Construction was built by Exeter Science Park Limited (ESPL). This was partially funded via a loan from the Local Enterprise Partnership. DCC have guaranteed 50% of the loan and interest, and there is a risk that this could be triggered. There remains in the balance sheet a provision of £1.8 million to cover the guarantee. This figure was based on the shortfall in the ESPL business plan. It is likely that part of this provision will be required. Financial liability risk to DCC as guarantor along with other stakeholders includes underwriting (46%) of one of the Science Park buildings.	Budget Book risks Economy, Enterprise and Skills	Financial	4 : Major	6 : Almost certain	24 : Very high	Keri Denton	Steve Brown	⇄	0
Covid-19 Pandemic	The Covid-19 pandemic impacts the delivery of DCC Services including in relation to staff members being unable to perform their usual functions for reasons relating to illness, self-isolation, impact of lock-down restrictions, caring responsibilities, and Council offices being closed - resulting in the functions of the Council and services provided to the Community being reduced. DCC Services may also be impacted by key partners and suppliers being unable to fulfil their roles.	Council-wide Public Health	Operational	4 : Major	6 : Almost certain	24 : Very high	Steve Brown	Leadership Group 8	⇄	0
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 Social Care	Strategic	4 : Major	6 : Almost certain	24 : Very high	Karen Powlesland	Stuart Collins	⇄	0
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,	Education and Early Help	Operational	4 : Major	6 : Almost certain	24 : Very high	Kellie Knott	Stuart Collins	⇄	0

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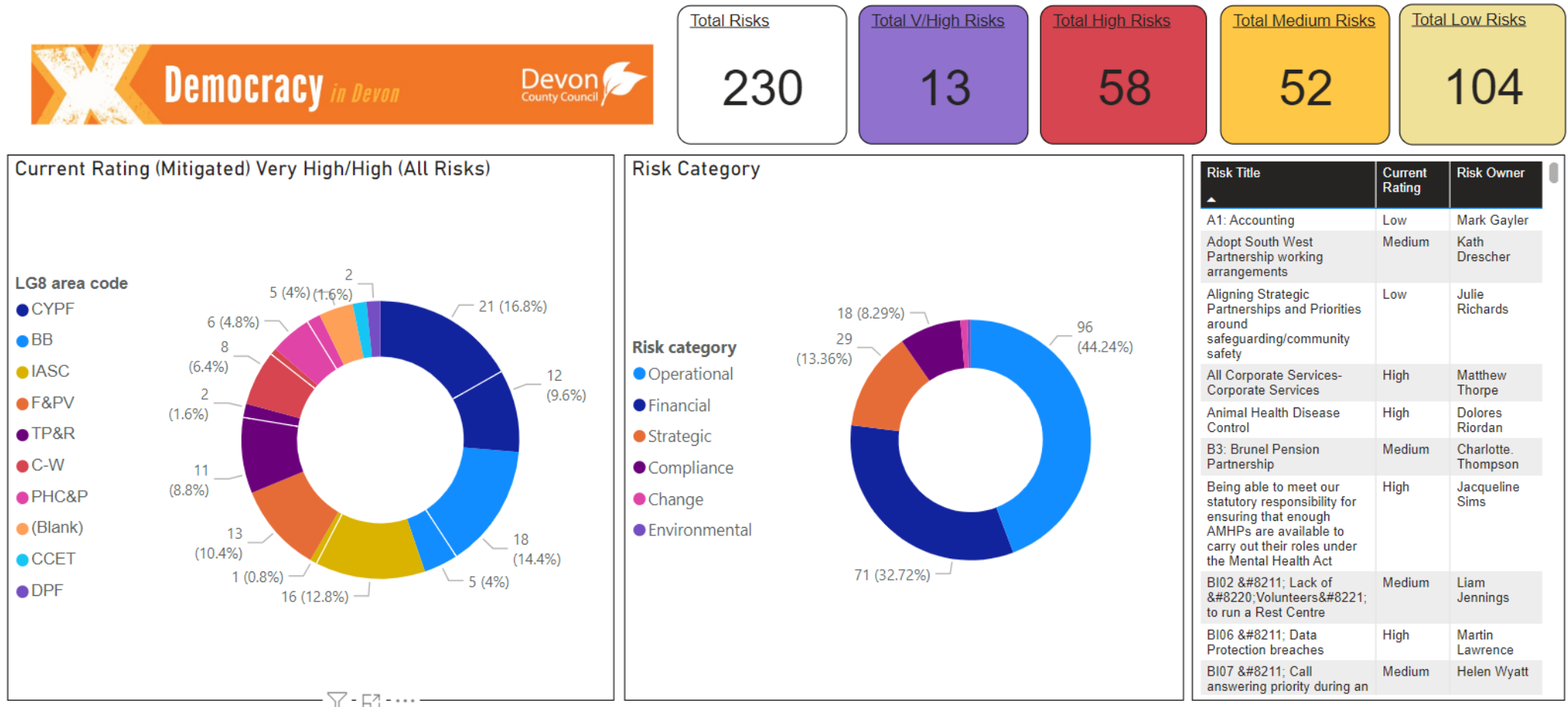
	reputational damage including fault found by Ombudsman, and legal challenges through SENDIST.									
BI21 – Successful Cyber Attack	Successful Cyber Attack on the Authority	IT Strategic Commissioning	Operational	4 : Major	6 : Almost certain	24 : Very high	Risk to be re-assigned	Gary Dempster	↔	0
SC1: Education and Learning Services budget availability .	Continued growth in SEN number leading to increased costs for home to school transport (which is a statutory duty). This could lead to a budget overspend which would need to be absorbed within the Education and Learning Core budgets, reducing the ability to deliver other services and initiatives.	Education and Early Help	Operational	4 : Major	6 : Almost certain	24 : Very high	Damien Jones	Stuart Collins	↔	0
Demand for Children’s Social Work	Demand for statutory children's social work and cost of social care increases and cannot be met within available resources.	Children's Social Care	Operational	4 : Major	6 : Almost certain	24 : Very high	Jassi Broadmeadow	Stuart Collins	↔	0

Impact Assessment Guide

	Health & Wellbeing	Service Users	Stakeholders	Reputation	Performance / quality standards	Legal	Financial	Pensions & Investments
1 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
2 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
3 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
4 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
5 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.

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.



Please note that the data contained within the above pdf extract is representational. Please view the Power BI link for full risk information. The Power BI dashboard is subject to update including to reflect DCC Structure changes.