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 members note the summary risk position for exiting risks.
    iii.   that members note the risks and mitigations currently ranked the highest.

The attached report sets out the changes to risk management during 2018/19 and confirms the role of the Scrutiny Committee as per the Risk Management Policy.

It further summarises the existing risk position and links to initial work on visual reporting via power BI.

- Appendix A shows the risks with a Current rating oh High at the time of writing this report.
- Appendix B shows the mitigating actions for the risks in Appendix A.
- Appendix C shows Archived risks which had an Inherent Score of High.

Mary Davis

Electoral Divisions: All
Local Government Act 1972

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Background Paper   Date   File Ref
Nil
There are no equality issues associated with this report

Risk Management

Annual Report for 2018/19

June 2019

Corporate Infrastructure and Regulatory Services Scrutiny 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 Scrutiny Committees, the wording is shown below.

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 overall processes and effectiveness of risk management.
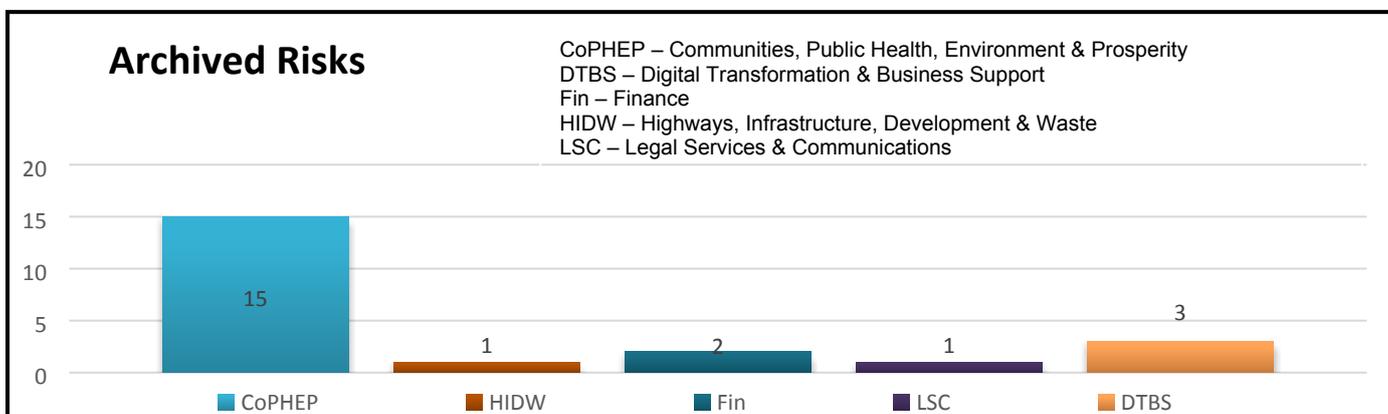
The system used to record risks continues to be developed to ensure that risks can be recorded, reviewed and managed. Where risks cross over service areas these are also reported to the relevant Scrutiny Committees. The highest rated risks, strategic risks and those risks which cross service areas are regularly reported to the Leadership Group to support wider oversight and management.

National issues continue to have an impact on the management of risk across the Council. For example, the lack of certainty on future funding arrangements can limit the ability to put into place longer term mitigations. Furthermore, Brexit continues to impact risks across the council due to the ongoing uncertainty around the future UK-EU relationship.

Work continues across the council to 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.

Changes in 2018/19

In the areas for which this Scrutiny is linked to there were 11 risks with a Current Score of High at the end of 2018/19, a net increase of one. During the year 22 risks were archived due to the ongoing application of management actions. The areas in which the risks were recorded prior to being archived is shown in the chart below and additional details can be found in Appendix C.
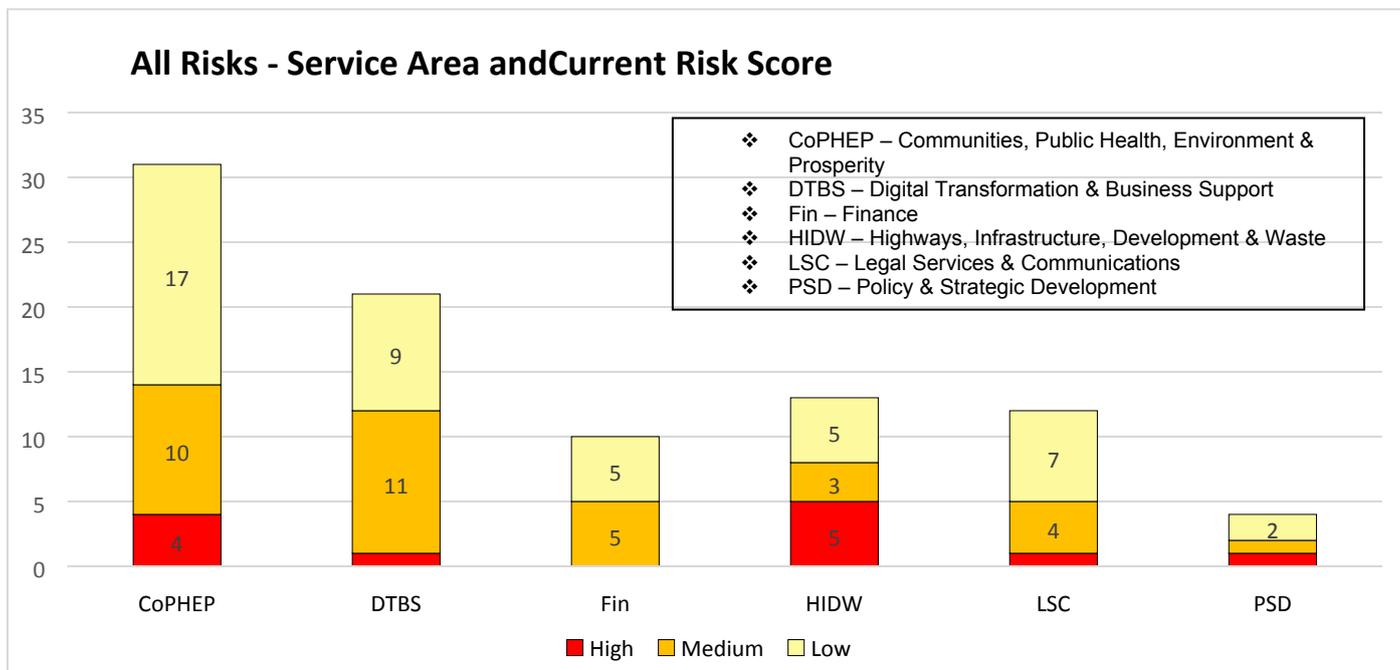

Risks were consistently reviewed throughout the year in line with the requirements set out in the Council's Risk Management Policy and Strategy document.

Current Risk Position

There were 91 risks recorded in the Risk Register as at 14th June 2019 which link to the areas of responsibility for this Scrutiny Committee. Of these, nine were initially assessed to be Very High but all have been reduced to at least High through positive management action.

Of the remaining risks, 57 were initially assessed as High with almost all scores reducing due to mitigations put into place. The breakdown of existing risks by service areas can be seen in the chart below which shows their Current Risk rating, with further information for all High risks in the supporting appendices.

All Risks - Service Area andCurrent Risk Score

❖ CoPHEP – Communities, Public Health, Environment & Prosperity
❖ DTBS – Digital Transformation & Business Support
❖ Fin – Finance
❖ HIDW – Highways, Infrastructure, Development & Waste
❖ LSC – Legal Services & Communications
❖ PSD – Policy & Strategic Development

Service Area	High	Medium	Low
CoPHEP	4	10	17
DTBS	1	11	9
Fin		5	5
HIDW	5	3	5
LSC	1	4	7
PSD	1	1	2

■ High ■ Medium ■ Low

Comment from Communities, Public Health, Environment and Prosperity
Given the range and diversity of services and outcomes delivered across the Communities, Public Health, Environment and Prosperity teams, the quantum of strategic risks identified by CoPHEP on behalf of the Council, remains relatively high. Active risk management is in place evidenced in part by the number of risks archived and reduced over the last 12 months. The opportunities and risks around climate change; Britain's anticipated exit from the European Union; and the changes within Devon's communities will likely feature amongst CoPHEP's risk management work and strategy in the year ahead.

Comment from Highways, Infrastructure, Development and Waste
There are five risks with a current categorised as high affecting the service and each of these are monitored and reviewed quarterly and a short comment follows for each.

- **Deterioration of minor road network due to insufficient maintenance –** Despite additional government funding in the previous budget, a backlog of repairs continues due to a shortfall in the funding from central government to fully address this.
- **Lack of capacity or capability to respond effectively to highway safety related issues –** Although there has been improvement on inspection and safety repair, the risk remains high due to level of serviceability defects across the network.
- **Lack of capacity or capability to effectively respond to extreme weather events –** The extreme weather events and recently completed works at Slapton, (where funding assistance was provided by central government) reinforce the need for continued vigilance.
- **Resource availability to manage delivery of the highway capital programme** – A 'Doing what Matters' review is underway with a view to improved alignment of resources.
- **Spread of Ash Die Back Disease** (Highways and adjoining land) – The incidence of ADB is being monitored through an inspection regime and in the Autumn, this will provide data to consider adapting current mitigation measures.

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Comment from Policy and Strategic Development

The Council is working closely with all local partners, including the Devon, Cornwall and the Isles of Scilly Local Resilience Forum (LRF), to prepare for Brexit and to help everyone in Devon deal with the situation, whatever the final outcome. It has contingency plans in place to provide help and support for the most vulnerable people and families in our communities. The Council continues to work with the Government to help develop and deliver their national contingency arrangements and to share local issues and concerns, or fight Devon's corner whenever it is needed.

It is recommended that Committee consider which if any of the risks outlined within this report may be included in its future work plans.

Future Risk Reporting

Power Bi - Maximising access to new software is enabling risk reporting to become more interactive and live. Work has progressed to use PowerBI to provide a visual presentation of current risk information, the link below can be used to see the current development to date of risk reporting for this Scrutiny Committee. An Office 365 log in will be required for access via PowerBI CIRS Scrutiny Power BI Link.

Risk Wording – Work in other areas of the Council has shown that updating the format of the risk wording helps to provide greater clarity on the risks being identified and managed, as well as allowing a clearer link to be drawn between the mitigation and its ability to influence risks. during the next year efforts will be made to update the wording of the risks relevant to this Scrutiny Committee

Risk Scoring – Work will continue to ensure that the scoring of risks is consistent, in turn allowing direct comparison of risks to be undertaken with increased confidence.

For questions related to the detail of existing risks either the Risk Owner, Accountable Officer or other Service Area Representative should be contacted.

For questions related to Council Wide processes please contact Tony Rose (tony.d.rose@devon.gov.uk).

Supporting Appendices

➢ Appendix A – Risk Register Extract of risks currently scored as High

➢ Appendix B – Existing Risk Mitigations for risks listed in Appendix A

➢ Appendix C – Excerpt of Archived Risks

Risk Title	Description	Service Area	Risk category	Inherent Score	Current Score	Risk Owner	Accountable Officer	Latest review	Change direction
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. Examples include: **Scale** - numbers of staff and associated support (circa 400 staff). **Infrastructure -** Transitioning of IT systems and hardware. **Compliance** - Lack of clarity in terms of what responsibility or accountability DCC will have for ensuring non DCC premises used by in-sourced staff are compliant, safe or suitable / Infrastructure - transitioning of IT systems and hardware.	Digital Transformation and Business Support Property	Strategic	24: Very high	20: High	Matthew Jones	Matthew Jones	18 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	Operational	24: Very high	20: High	Joe Deasy	Meg Booth	24 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	Strategic	24: Very high	20: High	Joe Deasy	Meg Booth	24 Apr 2019	⇔
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	Strategic	25: Very high	20: High	Joe Deasy	Meg Booth	24 Apr 2019	⇔

Risk Title	Description	Service Area	Risk category	Inherent Score	Current Score	Risk Owner	Accountable Officer	Latest review	Change direction
Brexit - The UK's exit from the European Union results in pressures which directly impact the Council's delivery of services	**Cause -** Referendum Decision to Leave the EU. **Event -** New arrangements need to be agreed for the relationship between the UK and the EU. **Impacts Include:** <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 •Impacts on supplies of food, fuel and medicine. •Civil disorder and disobedience. •Increased demand for services Reduced capacity to provide services <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. • 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. The full 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.	Council-wide, Policy and Strategic Development	Strategic	20 : High	20: High	Roland Pyle	Leadership Group	03 Jun 2019	⇔

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Risk Title	Description	Service Area	Risk category	Inherent Score	Current Score	Risk Owner	Accountable Officer	Latest review	Change direction
HR: Employee Services: System Failures	System failure due to technical problems may result in employees not being paid on time or accurately.	Human Resources	Operational	20: High	16: High	Wendy Smith	Jacky Wilson	05 June 2019	⇔
Animal Health Disease Control	Additional costs and staff resource requirements to respond to exotic animal disease spreading in the Devon Somerset and Torbay Communities.	Economy, Enterprise and Skills	Operational	16: High	16: High	Dolores Riordan	Paul Thomas	28 May 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	Operational	16: High	16: High	Keith Reed	Amanda Palmer	05 June 2019	⇔
Resource availability to manage delivery of the highway capital programme	There is insufficient resource available to adequately design manage and audit highway schemes. Development of design processes to meet with legislation and a reduction in the functions provided by Term contract provider, Skanska, is increasing this pressure on internal design resource requirement. A recent contract post implementation review has identified a number of areas of concern which is adversely impacting on DCC staff resources. This is impacting on quality of work affecting value for money, reputation and delivery timings. This in turn will impact on the Councils ability to obtain value from its asset management strategy leading to a reduced condition of the network.	Highways and Traffic	Operational	20: High	15: High	Joe Deasy	Rob Richards	24 Apr 2019	⇔

Risk Title	Description	Service Area	Risk category	Inherent Score	Current Score	Risk Owner	Accountable Officer	Latest review	Change direction
Increases in market pressures for sectors relevant to Devon result in higher failure rate and increased unemployment	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.	Economy, Enterprise and Skills Council-wide	Strategic	20: High	15: High	Jamie Evans	Leadership Group 8	09 Apr 2019	⬇
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.	Highways and Traffic	Strategic	20: High	15: High	Joe Deasy	Meg Booth	18 Apr 2019	⬌
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.	Communities, Public Health, Environment and Prosperity Public Health Council-wide	Operational	15: High	15: High	Keith Reed	Nicola Channon	19 Mar 2019	⬌

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

The table below outlines the mitigations recorded against the risks shown above with a **Current Risk** rating of High. Each mitigation has been rated as Red, Amber or Green by the owner of the action, with those actions which are Completed shown in a darker green as per the Key below.

Key to Colours	Completed	Red	Amber	Green

Risk Title	Current Risk Score	Controls and Mitigations				
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	
HTM2: Lack of capacity or capability to respond effectively to highway safety related issues	20: High	Green	• 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	• Winter Service and Emergency Plan • Highway Monitoring • Delivery of Planned works • Preparedness • Asset Management	Amber	Resources	
HTM1: Deterioration of minor road network due to insufficient maintenance.	20: High	Green	• Highway Monitoring • Value for Money solutions • Safety repairs • Communication with stakeholders	Red	Funding	
Brexit - The UK's exit from the European Union results in pressures which directly impact the	20: High	Green	• 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.			

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Risk Title	Current Risk Score	Controls and Mitigations							
Council's delivery of services			• 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.						
HR: Employee Services: System Failures	16: High	Green	• Proactive controls. • HRMS Project. • Collaborative working. • HR and ICT Business Continuity Plans. • Monitoring of performance and careful planning of larger processes.						
Animal Health Disease Control	16: High	Green	• Contingency Plans and trained staff available via an emergency cascade system.						
Inadequate DCC access to diesel / petrol during a fuel crisis	16: High	Green	Local LRF Planning	Amber	• Highways contractors. • Risk of a No Deal Brexit.	Red	• 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	• 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.
Resource availability to manage delivery of the highway capital programme	15: High	Amber	• Application of lessons learnt following TMC post implementation review • Term contract business model review • working more effectively within asset group			Red	• development and implementation of works auditing programme • increase resources of asset officers		
Increases in market pressures for sectors relevant to Devon result in higher failure rate and increased unemployment	15: High	Green	• A multi-agency task force has been set up for Appledore Shipyard and DCC is involved. • Representatives from other key organisations and influencers included officers and representatives from Heart of the South West Local Enterprise Partnership, Job Centre+, Chamber of Commerce/Recruitment specialist, Unite, GMB, Torridge District Council, Devon County Council, North Devon Council, Petroc, North Devon Manufacturers Association and South West Business Council.						

Risk Title	Current Risk Score	Controls and Mitigations					
Spread of Ash Die Back Disease (Highways and adjoining land)	15: High	**Green**	• Monitor High risk trees on DCC highway or land. The frequency will be increased as evidence becomes available that the disease has spread enough to increase likelihood. • Notify landowners of potentially dangerous trees • identify and engage with stakeholders to support collaboration and partnership working in addressing management of ADB	Amber	Finance resource is provided to support the costs associated with approved proposals for managing Ash Die Back	Completed	Cabinet support for proposals outlining how Devon County Council should manage its responsibility for Ash Dieback in the county regarding public safety and the environment.
Potential Flu pandemic	15: High	Amber	Size of the Authority	Completed	• DCC Flu Pandemic Plan • ACS Flu Pandemic Plan • LRF Influenza Pandemic Plan • Exercising plans		

The table below shows an extract of archived risks where the initial Inherent Score was High

Risk Title	Service area	Archived Date	Inherent score	Inherent Rating	Current score	Current Rating	Risk Owner	Accountable Officer
Community Needs Assessment/Strategy - Overlap	Communities	19-Sep-18	20	High	9	Low	Steve Edwards	Simon Kitchen
Town and Parish Fund	Communities	10-Sep-18	20	High	9	Low	Steve Edwards	Simon Kitchen
Re-procure North Devon and Torridge residual waste contract	Highways, Infrastructure Development and Waste	04-Jun-18	20	High	6	Low	Annete Denith	Meg Booth
Inadequate capacity/skills to fulfil statutory responsibilities in relation to Prevent/Channel/Community Safety/DHRs	Communities	11-Feb-19	16	High	9	Low	Julie Richards	Simon Kitchen
Locality Roles	Communities	19-Sep-18	16	High	9	Low	Steve Edwards	Simon Kitchen
Community Needs Assessment/Strategy - Resources	Communities	19-Sep-18	16	High	8	Low	Steve Edwards	Simon Kitchen
Ivybridge TC Development	Communities	04-Jun-18	16	High	6	Low	Steve Edwards	Simon Kitchen
PR05 - Specifications and commissioning strategies not clearly defined service on behalf of the Council.	Digital Transformation and Business Support Procurement	04-Jun-18	16	High	4	Low	Justin Bennetts	Justin Bennetts
Voluntary and Community Sector does not have the capacity to support changes to delivery of community of Health and Social Care.	Communities	13-Dec- 18	15	High	9	Low	Steve Edwards	Simon Kitchen

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